

Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended .

Unit Name	County	Type	MuniCode
Opinion Date	Audit Submitted	Fiscal Year	

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input type="checkbox"/>	13. Is the audit opinion unqualified?
<input type="checkbox"/>	14. If not, what type of opinion is it? <input type="text"/>
<input type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text"/>
General Fund Expenditure:	<input type="text"/>
Major Fund Deficit Amount:	<input type="text"/>

General Fund Balance:	<input type="text"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Last Name	Ten Digit License Number		
CPA Street Address	City	State	Zip Code	Telephone
CPA Firm Name	Unit's Street Address	City	Zip Code	



**SUBURBAN MOBILITY AUTHORITY
FOR REGIONAL TRANSPORTATION**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

For the Years Ended June 30, 2007 and 2006



**SUBURBAN MOBILITY AUTHORITY
FOR REGIONAL TRANSPORTATION**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

For the Years Ended June 30, 2007 and 2006

**SUBURBAN MOBILITY AUTHORITY
FOR REGIONAL TRANSPORTATION**

**BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2007 and 2006**

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December 20, 2007

Matthew Wirgau, Board Chairman,
Board Members of the Suburban
Mobility Authority for Regional Transportation

It is a pleasure to submit to you the annual financial statement of the Suburban Mobility Authority for Regional Transportation (SMART or "Authority") for the year ended June 30, 2007.

SMART's independent audit was conducted by Rehmann Robson who has issued an unqualified audit report on these financial statements.

This report contains Independent Auditors' Report, Management's Discussion and Analysis, the Basic Financial Statements, Statement of Cash Flow and Notes to the Financial Statement.

As stated in the Auditors' Report the financial statements referred to above present fairly in all material respects, the financial position at SMART as of June 30, 2007 and 2006, in conformity with accounting principles generally accepted in the United States of America.

CURRENT YEAR REVIEW

State Funding

State Act 51 funding has been steadily decreasing over the past nine years. For example, in 1998, SMART received 50% of our eligible expenses for a total of \$36.3 million.

In addition, prior to 2006, the State matched Federal grants (typically 80% Federal matched by 20% State). Starting in 2005 the State uses toll credits for the match of Federal funds. Toll credits are State toll (bridge) revenues that are collected and used as match to receive Federal grants in Michigan. SMART does not receive any of these revenues. The loss of revenue to SMART is \$3.7 million in 2007.

Federal Funding

Administered by the Federal Transit Administration, (FTA) Section 5309 Capital Bus Program funds provide assistance for the establishment of new transit projects, improvement and maintenance of existing transit systems, buses and other bus-related



capital projects. In the past SMART received Section 5309 funding for preventative maintenance, facility renovations, vehicle replacement and other capital projects. In FY07, Section 5309 changed from Congress allocating the funding to the FTA allocating the funding. SMART's FY07 Section 5309 request included repowering 284 engines on all fixed-route buses, replacing Para-transit vehicles, upgrading SMART's automatic vehicle locator system and replacing support vehicles. FTA's decision was to give all the Section 5309 funding to only 5 transit agencies in the country that have major congestion issues. Unfortunately, SMART was not among the selected recipients.

Local Funding

Tax revenues received by Macomb County, the Wayne County Act 196 Authority and the Oakland County Act 196 Authority that contributed to SMART in 2007 were \$50.9 million. Historically each year's millage revenues have increased from 4% to 6%. In 2008 the taxable values will increase by an average of 4.6%. However, due to the recent downward trend of housing values and foreclosures in FY09, the projected increase will only amount to approximately 1%, which is \$2 million less than the previous year's increases.

Ridership

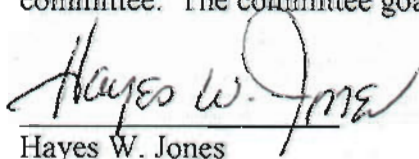
Due to the high volume of passengers, SMART is experiencing "standing room only" on high volume runs. The number of customers using SMART service increased by 2% for a total of 11,000,000 passengers carried FY07. Yet the operational hours have actually decreased by 2%. In essence, SMART is carrying more riders with fewer hours operated. Ridership was showing impressive increases before the spike in gas prices. The number of customers choosing SMART bus service grew even further as fuel cost increased with many of the customers being first time users of the system.

Unrestricted Retained Earnings (Net Assets)

The FY07 budget projected the retained earnings to be \$20.4 million as of June 30, 2007. The actual retained earnings are \$21.2 million. This is a result of lower accident repair costs, lower interest expense (due to the refinancing of the bus installment purchase contract) and higher fare-box revenue.

FUTURE

In order to balance the FY08 budget, a 6% service decrease went into effect in September 2007. The FY08 budget is being reviewed on a continual basis with the budget task force committee. The committee goal is to reduce service as a last resort.



Hayes W. Jones
General Manager



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

June 18, 2008

The Board of Directors
Suburban Mobility Authority for Regional Transportation
Detroit, Michigan

We have audited the accompanying financial statements of the business-type activities, the major fund and the remaining fund information of the ***Suburban Mobility Authority for Regional Transportation*** (the "Authority"), as of and for the years ended June 30, 2007 and 2006, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the ***Suburban Mobility Authority for Regional Transportation's*** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the major fund and the remaining fund information of the ***Suburban Mobility Authority for Regional Transportation***, as of June 30, 2007 and 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles general accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2007, on our consideration of the ***Suburban Mobility Authority for Regional Transportation's*** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on Pages 3 through 8 and the Schedule of Funding Progress on Page 33 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ***Suburban Mobility Authority for Regional Transportation's*** basic financial statements. The transmittal letter and supplementary information included in schedules 1 through 5 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information schedules for revenues and expenses titled "Audited" have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The transmittal letter and supplementary schedules titled "Unaudited" have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

Management's Discussion and Analysis

June 30, 2007 and 2006

Overview of the Financial Statements and Financial Analysis

The following discussion and analysis has been prepared by SMART's management and should be read in conjunction with the financial statements and related footnote disclosures. The discussion is intended to present an overview of SMART's financial performance for the years ended June 30, 2007 and 2006 and does not purport to make any statement regarding the future operations of the organization. While SMART is an instrumentality of the State of Michigan, it is not a component of the State as defined by the Governmental Accounting Standards Board (GASB).

The annual report consists of the statement of net assets, statement of revenues, expenses, and changes in net assets, and the statement of cash flows, prepared in accordance with GASB principles.

Financial Highlights – FY 2007

SMART's current assets decreased by \$.7 million (excluding depreciation on assets purchased with capital grants).

Noncurrent assets decreased from the prior year by \$8.6 million due primarily to depreciation charges on buses and other equipment (\$13.4 million) offset by the addition of \$4.8 million in building, vehicles and related equipment.

Total liabilities decreased by \$10.1 million due primarily to the annual payments against the debt incurred for the purchase of 287 fixed route buses in FY 2001, 2002, and 2003.

Net assets increased from \$64.5 million at June 30, 2006 to \$65.5 million at June 30, 2007.

Operating revenues increased by \$0.3 million as the result of an increase in fixed route and connector ridership of approximately 1.6%. This is in spite of the loss of Livonia millage revenue and service reductions.

Nonoperating revenues increased by \$.8 million due to a reduction of interest expenses (netted with nonoperating revenue) resulting from the refinancing of the long term debt.

Capital contributions decreased by \$6.4 million as a result of no major capital asset purchases. In fiscal year 2006, there were \$9.3 million in purchases of connector buses and related equipment.

Total operating expenses before depreciation expense increased by \$3.1 million.

Financial Highlights – FY 2006

SMART's current assets increased by \$4.6 million due primarily to a surplus of revenue over expense for the year (excluding depreciation on assets purchased with capital grants).

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

Management's Discussion and Analysis

June 30, 2007 and 2006

Noncurrent assets decreased from the prior year by \$2.6 million due primarily to depreciation charges on buses and other equipment (\$13.5 million) offset by the addition of \$10.9 million in vehicles and related equipment.

Total liabilities decreased by \$7.1 million due primarily to the annual payments against the debt incurred for the purchase of 287 fixed route buses in FY 2001, 2002, and 2003.

Net assets increased from \$55.2 million at June 30, 2005 to \$64.5 million at June 30, 2006.

Operating revenues increased from \$1.3 million as the result of an increase in fixed route and connector ridership of approximately 11%.

Total operating expenses before depreciation expense increased by \$1.7 million. The diesel fuel cost alone increased \$2.4 million or 44%.

Balance Sheets

The balance sheet includes all assets and liabilities. It is prepared using the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. Assets and liabilities are generally measured using current values. One exception is capital assets, which are stated at historical cost less an allowance for depreciation.

A summarization of SMART's assets, liabilities, and net assets at June 30, 2007, 2006, and 2005 follows:

Current Assets	\$	51.1	\$	52.0	\$	47.3
Non-Current Assets		<u>82.4</u>		<u>90.8</u>		<u>93.3</u>
Total Assets	\$	133.5	\$	142.8	\$	140.6
Liabilities:						
Current Liabilities	\$	38.3	\$	41.8	\$	40.6
Non-Current Liabilities		<u>29.7</u>		<u>36.5</u>		<u>44.8</u>
Total Liabilities	\$	68.0	\$	78.3	\$	85.4
Net Assets:						
	\$	43.9	\$	45.5	\$	40.6
Unrestricted		<u>21.6</u>		<u>19.0</u>		<u>14.6</u>
Total net assets	\$	<u><u>65.5</u></u>	\$	<u><u>64.5</u></u>	\$	<u><u>55.2</u></u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

Management's Discussion and Analysis

June 30, 2007 and 2006

At June 30, 2007, total SMART assets were \$133.5 million, compared to \$142.8 million in fiscal year 2006 and \$140.6 million in fiscal year 2005. SMART's largest asset is its investment in fixed route and connector buses and related equipment, at \$57.8 million, compared to \$67.4 million in 2006 and \$67.9 million in 2005. The balance of SMART's capital assets consists primarily of buildings and other equipment. Grants receivable decreased to \$18.0 million in FY 2007 from \$19.7 million in FY 2006 due to the timing of grant collections related to the transportation funding reauthorization efforts of the U.S. Congress. \$15.4 million of the \$18.0 million in grants receivable was collected in the first three months of FY 2008 and \$17.6 million of the \$19.7 million in grants receivable was collected in the first three months of FY 2007. The local contribution receivable decreased to \$5.0 million in FY 2007 from \$8.1 million in FY 2006. \$4.2 million of the \$5.0 million was collected in the first three months of FY 2008.

SMART's liabilities total \$68.0 million at June 30, 2007, compared to \$78.3 million in 2006 and \$85.4 million in 2005. Long-term debt of \$37.6 million consists of payments due under a lease/purchase agreement with Gillig Corp. for 287 fixed route buses. Accrued self-insurance decreased from \$16.0 million to \$14.4 million as the result of the timing involved in settling claims.

Statement of Revenues, Expenses, and Changes in Net Assets

The statement of revenues, expenses, and changes in net assets presents the operating results of SMART, as well as the nonoperating revenues and expenses. Operating revenues consist primarily of farebox revenue from fixed route and connector services.

SMART is also dependent on state, federal, and local operating assistance, as well as income from investment activities, which are prescribed by GASB as nonoperating revenues. Operating expenses, as well as capital contributions, need to be included.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

Management's Discussion and Analysis

June 30, 2007 and 2006

A summary of SMART's revenues, expenses, and changes in net assets for the years ended June 30, 2007, 2006, and 2005 is as follows:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating revenue	\$ 11.4	\$ 11.1	\$ 9.8
Operating expenses before depreciation	<u>103.9</u>	<u>100.9</u>	<u>99.1</u>
Operating loss before depreciation	(92.5)	(89.8)	(89.3)
Depreciation expense	<u>13.4</u>	<u>13.5</u>	<u>14.0</u>
Total operating loss	(105.9)	(103.3)	(103.3)
Nonoperating revenues	<u>102.2</u>	<u>101.5</u>	<u>95.9</u>
Net loss before capital contributions	(3.7)	(1.8)	(7.4)
Capital contributions	<u>4.7</u>	<u>11.1</u>	<u>5.4</u>
Net gain (loss)	1.0	9.3	(2.0)
Net assets, beginning of the year	<u>64.5</u>	<u>55.2</u>	<u>57.2</u>
Net assets, end of the year	\$ <u>65.5</u>	\$ <u>64.5</u>	\$ <u>55.2</u>

Revenue

SMART's primary sources of revenue are federal, state, and local operating assistance, which are classified as nonoperating revenue. In August 2006, voters in Macomb County and in those communities participating in Act 196 Transportation Authorities in Oakland County and Wayne County approved a four-year, .59-mill property tax dedicated to public transportation.

Expense

Total operating expenses increased \$3 million due to contributions to the Retiree health Care Trust.

Capital Contribution

Capital contributions consist primarily of federal and state grants for the purchase of replacement and new capital assets. Most of the funds are provided through a federal formula administered by the Federal Transportation Administration. Discretionary funds are also made available in most years. At SMART's discretion, a portion of the federal formula dollars can be used as an offset to preventive maintenance expense.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

Management's Discussion and Analysis

June 30, 2007 and 2006

Capital Assets

Investment in capital assets as of June 30, 2007 and 2006 amounted to \$81,608,906 and \$90,224,264 respectively. This investment in capital assets includes fixed route buses and equipment, connector buses and equipment, buildings, leasehold improvements, office furniture and other equipment.

Major capital events for the fiscal year 2006 include over \$9.3 million in purchases of connector buses and related equipment. Major capital events for the fiscal year 2007 include over \$2.1 million in leasehold improvements.

Additional information on capital assets can be found in the notes to financial statements section of this report.

Debt Administration

Long-term notes payable at the end of fiscal years 2007 and 2006 amounted to \$37.6 million and \$44.8 million, respectively. SMART incurred no additional debt for fiscal years 2007 and 2006 and made principal payments in the amounts of \$7.0 million in fiscal year 2007 and \$7.9 million in fiscal year 2006. During FY2007, SMART refinanced the long-term notes payable.

Additional information on notes payable can be found in the notes to financial statements section of this report.

Economic Factors

SMART receives significant operating assistance each year from the State of Michigan Comprehensive Transportation Fund. The source of these funds includes a portion of state gasoline taxes, vehicle related sales taxes, license fees and other taxes and fees. These funds are subject to legislative appropriations each year and the percentage of eligible expenses funded is subject to change during the year and subject to reconciliation and audit after the year has concluded.

In the past, SMART has received funding from the Federal Transit Administration, (FTA) Section 5309 Capital Bus Program which provided assistance for the establishment of new transit projects, improvement and maintenance of existing transit systems, buses and other bus-related capital projects. The 5309 funding was also available for preventive maintenance, facility renovations, vehicle replacement, and other capital projects. In FY 2007, FTA decided to exclude preventive maintenance as an eligible cost. SMART's Section 5309 request included repowering 284 engines on the fixed-route buses, replacing paratransit vehicles, upgrading the automatic vehicle locator system and replacing support vehicles.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

Management's Discussion and Analysis

June 30, 2007 and 2006

Contacting the SMART's Financial Management

This financial report is designed to provide our customers, taxpayers and other interested parties with a general overview of the finances of the Suburban Mobility Authority for Regional Transportation and to demonstrate SMART's accountability for the money it receives. If you have questions about this report or need additional information, contact SMART at Buhl Building, 535 Griswold Street, Suite 600, Detroit, Michigan 48226.

***BASIC FINANCIAL
STATEMENTS***

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

BALANCE SHEETS

June 30, 2007 and 2006

ASSETS	2007	2006
Current assets:		
Cash and cash equivalents	\$ 23,395,098	\$ 20,398,375
Operating assistance due from State of Michigan	67,771	237,289
Accrued interest receivable	105,409	72,646
Grants receivable	18,003,468	19,656,728
Local contributions receivable	4,994,882	8,087,004
Other receivables	676,511	473,645
Materials and supplies inventory	1,835,316	1,830,703
Prepaid expenses	2,039,198	1,196,307
Total current assets	<u>51,117,653</u>	<u>51,952,697</u>
Net pension asset	800,344	587,958
Capital assets, net	81,608,905	90,224,264
Total noncurrent assets	<u>82,409,249</u>	<u>90,812,222</u>
Total assets	<u>\$ 133,526,902</u>	<u>\$ 142,764,919</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Municipal and community credits payable	\$ 6,137,103	\$ 6,970,929
Amounts payable under purchase-of-service agreements	458,587	654,435
Accrued self-insurance	14,383,922	15,970,407
Payable to State of Michigan	-	82,891
Accounts payable and accrued expenses	4,360,372	4,812,656
Accrued interest payable	563,111	888,459
Current portion of notes payable	7,944,568	8,246,285
Accrued compensation	4,451,407	4,129,997
Total current liabilities	<u>38,299,070</u>	<u>41,756,059</u>
Notes payable, net of current portion	<u>29,716,507</u>	<u>36,536,855</u>
Total liabilities	<u>68,015,577</u>	<u>78,292,914</u>
Net assets		
Invested in capital assets, net of related debt	43,947,830	45,441,124
Unrestricted	<u>21,563,495</u>	<u>19,030,881</u>
Total net assets	<u>65,511,325</u>	<u>64,472,005</u>
Total liabilities and net assets	<u>\$ 133,526,902</u>	<u>\$ 142,764,919</u>

The accompanying notes are an integral part of these financial statements.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues		
Revenues from transit operation	\$ 11,419,396	\$ 11,071,703
Operating expenses before depreciation expense		
Salaries and wages	41,659,629	42,171,839
Fringe benefits	24,758,482	20,455,680
Contractual services	5,511,021	4,908,154
Materials and supplies	14,423,243	14,322,236
Utilities	2,464,052	2,391,262
Claims and insurance	5,435,414	6,627,282
Purchased transportation	9,342,206	9,620,776
Miscellaneous expenses	397,664	370,891
Total operating expenses before depreciation expense	103,991,711	100,868,120
Depreciation expense	13,407,520	13,535,066
Total operating expenses	<u>117,399,231</u>	<u>114,403,186</u>
Total operating loss	<u>(105,979,835)</u>	<u>(103,331,483)</u>
Nonoperating revenues (expenses)		
Federal operating and preventive maintenance assistance	17,797,091	17,553,403
State operating grants	33,600,676	33,754,039
Local contributions	50,873,086	51,801,527
Interest income	1,276,614	945,510
Interest expense	(1,472,849)	(2,509,152)
Gain (loss) on retirement of assets	79,064	(26,824)
Other income	138,245	5,630
Total nonoperating revenues, net	<u>102,291,927</u>	<u>101,524,133</u>
Change in net assets before capital contributions	(3,687,908)	(1,807,350)
Capital contributions	4,727,228	11,098,687
Change in net assets	1,039,320	9,291,337
Net assets, beginning of the year	64,472,005	55,180,668
Net assets, end of the year	<u>\$ 65,511,325</u>	<u>\$ 64,472,005</u>

The accompanying notes are an integral part of these financial statements.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

BALANCE SHEETS PROPRIETARY FUNDS

June 30, 2007 and 2006

	2007		2006	
	Enterprise Fund Operating	Internal Service Retiree Health Care	Enterprise Fund Operating	Internal Service Retiree Health Care
ASSETS				
Current assets				
Cash and cash equivalents	\$ 23,395,098	\$ -	\$ 20,398,375	\$ -
Operating assistance due from State	67,771	-	237,289	-
Accrued interest receivable	105,409	-	72,646	-
Grants receivable	18,003,468	-	19,656,728	-
Local contributions receivable	4,994,882	-	8,087,004	-
Due from other funds	-	3,000,000	-	3,056,000
Other receivables	676,511	-	473,645	-
Materials and supplies inventory	1,835,316	-	1,830,703	-
Prepaid expenses	2,039,198	-	1,196,307	-
Total current assets	<u>51,117,653</u>	<u>3,000,000</u>	<u>51,952,697</u>	<u>3,056,000</u>
Net pension asset	800,344	-	587,958	-
Capital assets, net	81,608,905	-	90,224,264	-
Total noncurrent assets	<u>82,409,249</u>	<u>-</u>	<u>90,812,222</u>	<u>-</u>
Total assets	<u>\$ 133,526,902</u>	<u>\$ 3,000,000</u>	<u>\$ 142,764,919</u>	<u>\$ 3,056,000</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Municipal and community credits payable	\$ 6,137,103	\$ -	\$ 6,970,929	\$ -
Payable under purchase service contracts	458,587	-	654,435	-
Accrued self-insurance	14,383,922	-	15,970,407	-
Payable to State of Michigan	-	-	82,891	-
Accounts payable and accrued expenses	4,360,372	-	4,812,656	-
Due to other funds	3,000,000	-	3,056,000	-
Accrued interest payable	563,111	-	888,459	-
Current portion of notes payable	7,944,568	-	8,246,285	-
Accrued compensation	4,451,407	-	4,129,997	-
Total current liabilities	<u>41,299,070</u>	<u>-</u>	<u>44,812,059</u>	<u>-</u>
Notes payable, net of current portion	29,716,507	-	36,536,855	-
Total liabilities	<u>71,015,577</u>	<u>-</u>	<u>81,348,914</u>	<u>-</u>
Net assets				
Invested in capital assets, net of related debt	43,947,830	-	45,441,124	-
Unrestricted	18,563,495	3,000,000	15,974,881	3,056,000
Total net assets	<u>62,511,325</u>	<u>3,000,000</u>	<u>61,416,005</u>	<u>3,056,000</u>
Total liabilities and net assets	<u>\$ 133,526,902</u>	<u>\$ 3,000,000</u>	<u>\$ 142,764,919</u>	<u>\$ 3,056,000</u>
Total net assets - enterprise operating fund	\$ 62,511,325		\$ 61,416,005	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	3,000,000		3,056,000	
Net assets - business-type activities	<u>\$ 65,511,325</u>		<u>\$ 64,472,005</u>	

The accompanying notes are an integral part of these financial statements.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the Years Ended June 30, 2007 and 2006

	2007		2006	
	Enterprise Fund Operating	Internal Service Retiree Health Care	Enterprise Fund Operating	Internal Service Retiree Health Care
Operating revenues				
Revenues from transit operation	\$ 11,419,396	\$ -	\$ 11,071,703	\$ -
Charges for services	-	3,000,000	-	3,056,000
Total operating revenues	11,419,396	3,000,000	11,071,703	3,056,000
Operating expenses before depreciation expense				
Salaries and wages	41,659,629	-	42,171,839	-
Fringe benefits	24,702,482	3,056,000	23,511,680	-
Contractual services	5,511,021	-	4,908,154	-
Materials and supplies	14,423,243	-	14,322,236	-
Utilities	2,464,052	-	2,391,262	-
Claims and insurance	5,435,414	-	6,627,282	-
Purchased transportation	9,342,206	-	9,620,776	-
Miscellaneous expenses	397,664	-	370,891	-
Total operating expenses before depreciation expense	103,935,711	3,056,000	103,924,120	-
Depreciation expense	13,407,520	-	13,535,066	-
Total operating expenses	117,343,231	3,056,000	117,459,186	-
Total operating loss	(105,923,835)	(56,000)	(106,387,483)	3,056,000
Nonoperating revenues (expenses)				
Federal operating and preventive maintenance assistance	17,797,091	-	17,553,403	-
State operating grants	33,600,676	-	33,754,039	-
Local contributions	50,873,086	-	51,801,527	-
Interest income	1,276,614	-	945,510	-
Interest expense	(1,472,849)	-	(2,509,152)	-
Gain on retirement of assets	79,064	-	(26,824)	-
Other income	138,245	-	5,630	-
Total nonoperating revenues, net	102,291,927	-	101,524,133	-
Change in net assets before capital contributions	(3,631,908)	(56,000)	(4,863,350)	3,056,000
Capital contributions	4,727,228	-	11,098,687	-
Change in net assets	1,095,320	(56,000)	6,235,337	3,056,000
Net assets, beginning of the year	61,416,005	3,056,000	55,180,668	-
Net assets, end of the year	\$ 62,511,325	\$ 3,000,000	\$ 61,416,005	\$ 3,056,000
Change in net assets - enterprise operating fund	\$ 1,095,320		\$ 6,235,337	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(56,000)		3,056,000	
Change in net assets of business-type activities	\$ 1,039,320		\$ 9,291,337	

The accompanying notes are an integral part of these financial statements.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2007 and 2006

	2007		2006	
	Enterprise Fund Operating	Internal Service Retiree Health Care	Enterprise Fund Operating	Internal Service Retiree Health Care
Cash flows from operating activities				
Receipts from transit operations	\$ 11,419,396	\$ -	\$ 11,071,703	\$ -
Receipts from interfund services provided	-	3,056,000	-	-
Payments for salaries and wages and fringe benefits	(63,649,371)	-	(63,341,224)	-
Payments to suppliers	(23,782,375)	(3,056,000)	(21,837,685)	-
Payments for claims and insurance	(7,021,899)	-	(5,226,215)	-
Payments for purchased transportation	(10,371,880)	-	(9,597,803)	-
Payments for interfund services used	(3,056,000)	-	-	-
Net cash used in operating activities	(96,462,129)	-	(88,931,224)	-
Cash flows from noncapital financing activities				
Federal operating and preventive maintenance assistance	19,450,351	-	12,014,592	-
State operating grants	33,770,194	-	33,432,150	-
Local contributions	53,900,587	-	46,926,556	-
Net cash provided by noncapital financing activities	107,121,132	-	92,373,298	-
Cash flows from capital and related financing activities				
Capital grants received	4,727,228	-	10,014,267	-
Purchase of capital assets	(4,792,161)	-	(10,466,076)	-
Proceeds from disposals of capital assets	79,064	-	168,107	-
Payment on installment note payable	(7,122,065)	-	(7,871,653)	-
Interest paid	(1,798,197)	-	(2,648,005)	-
Net cash used in capital and related financing activities	(8,906,131)	-	(10,803,360)	-
Cash flows from investing activities				
Interest received	1,243,851	-	877,795	-
Net increase (decrease) in cash and cash equivalents	2,996,723	-	(6,483,491)	-
Cash and cash equivalents, beginning of year	20,398,375	-	26,881,866	-
Cash and cash equivalents, end of year	\$ 23,395,098	\$ -	\$ 20,398,375	\$ -
Noncash activities				
Loss on retirement of assets	\$ -	\$ -	\$ 26,824	\$ -

The accompanying notes are an integral part of these financial statements.

Continued....

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

STATEMENTS OF CASH FLOWS - Concluded

For the Years Ended June 30, 2007 and 2006

	2007		2006	
	Enterprise Fund Operating	Internal Service Retiree Health Care	Enterprise Fund Operating	Internal Service Retiree Health Care
Reconciliation of operating loss to net cash used in operating activities:				
Operating income (loss)	\$(105,923,835)	\$ (56,000)	\$(106,387,483)	\$ 3,056,000
Adjustments to reconcile to net cash provided by (used in) operating activities:				
Depreciation expense	13,407,520	-	13,535,066	-
Change in assets and liabilities:				
Due from other funds	-	56,000	-	(3,056,000)
Materials and supplies inventory	(4,613)		150,604	
Prepaid expenses	(842,891)	-	(239,362)	-
Net pension asset	(212,386)		(185,738)	
Municipal and community credits payable	(833,826)		522,162	
Payable under purchase service contracts	(195,848)		452,171	
Accrued self-insurance	(1,586,485)	-	1,401,067	-
Payable to State of Michigan	(82,891)		-	
Accounts payable and accrued expenses	(452,284)	-	(1,050,857)	-
Due to other funds	(56,000)	-	3,056,000	-
Accrued compensated absences	321,410	-	(184,854)	-
Net cash used in operating activities	<u>\$ (96,462,129)</u>	<u>\$ -</u>	<u>\$ (88,931,224)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

I. DESCRIPTION OF OPERATIONS AND THE ENTITY

Organization

Suburban Mobility Authority for Regional Transportation (SMART or the Authority), an instrumentality of the State of Michigan, is a public benefit agency created pursuant to the provisions of Act No. 204 of the Public Acts of Michigan of 1967, as amended. SMART is charged with the responsibility to plan, acquire, construct, operate, maintain, replace, improve, extend, and contract for public transportation facilities within the counties of Macomb, Oakland, and Wayne. SMART is managed by a seven-member board of directors, who represent the counties that comprise SMART's operating region.

In August 2006, voters in Macomb County and in those communities participating in Act 196 Transportation Authorities in Oakland County and Wayne County approved a four-year, .59-mill property tax dedicated to public transportation. Tax revenues received by Macomb County, the Wayne County Act 196 Authority, and the Oakland County Act 196 Authority and contributed to SMART for the years ended June 30, 2007 and 2006 were \$50,873,086 and \$51,801,527, respectively.

Pursuant to the provisions of legislation enacted in 1988 which amended Act No. 204, a corporation known as the Regional Transit Coordinating Council (RTCC) is the designated recipient of operating assistance funds from the State of Michigan and the Federal Transit Administration (FTA). SMART and the Detroit Department of Transportation (DDOT) are subrecipients of such operating assistance funds. The Articles of Incorporation of RTCC provide that 35% of any state or federal transportation operating assistance or formula capital grants or loans is to be distributed to SMART, and the remaining 65% is to be distributed to DDOT. FTA and the State of Michigan pay such funds directly to SMART and DDOT at the direction of RTCC. Capital grants or loans – which are not allocated on a formula basis by the responsible federal or state agencies but, rather, are allocated on a specific project or asset basis – are allocated to SMART and DDOT based on the terms of the grant or loan.

Reporting Entity

For financial reporting purposes, all departments and operations over which SMART exercises oversight responsibility are included in the reporting entity. Oversight responsibility was evaluated based on consideration of financial interdependency, selection of governing authority, designation of management, the ability to significantly influence management, and accountability for fiscal matters.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

No governmental units other than SMART itself are included in the reporting entity. SMART does not have oversight responsibility over any other governmental unit. This is evidenced by the fact that, with respect to any other governmental unit, including the transportation agencies with which SMART has entered into purchase-of-service agreements, or the Act 196 Transportation Authorities in the counties served by SMART, SMART does not select their governing authority, designate their management, exercise significant influence over their daily operations, or maintain their accounting records.

SMART is not included within the reporting entity of the State of Michigan, because the State has no authority to appoint or remove SMART's management or board of directors and is not accountable for its fiscal matters.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The accounts of the Authority, which are organized as an Enterprise fund to account for general operations and an Internal Service fund used for accumulating resources for retiree health care, both are used to account for the Authority's activities that are financed and operated in a manner similar to a private business enterprise. Accordingly, the Authority maintains its records on the accrual basis of accounting using the economic resources measurement focus. Revenues from operations, investments, and other sources are recorded when earned. Expenses (including depreciation and amortization) of providing services to the public are accrued when incurred.

Nonexchange transactions, in which SMART receives value without directly giving equal value in return, include federal operating and preventative maintenance assistance, state operating grants, local contributions from property taxes, and capital contributions. On an accrual basis, revenue from these grants and contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to SMART on a reimbursement basis.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Authority applies all

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

applicable GASB pronouncements, as well as all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds. The Authority has elected not to follow private-sector guidance.

Basis of Presentation

The Authority uses the following proprietary funds:

Enterprise fund – This fund is used to account for principal ongoing operations of the Authority which are similar to those often found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Internal service fund – This fund is used to account for resources that are charged to the Authority enterprise fund to service the increasing demands of retiree health care costs.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Materials and Supplies Inventory

Materials and supplies inventory consist of repair parts for buses and operating supplies and are valued at the lower of cost or market, with cost determined on an average-cost basis.

Capital Assets

Capital assets are defined by the Authority as assets with an initial individual cost of more than \$2,500 (\$1,000 for computer equipment) and an estimated useful life in excess of a year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Improvements, which extend the useful lives of the assets, are capitalized. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

Depreciation is computed using the straight-line method, based upon the estimated useful lives of the assets as follows:

	<u>Years</u>
Building	25
Fixed route buses	7-12
Connector transit buses	4-7
Equipment and office furniture	3-10

Leasehold improvements are amortized over the shorter of the life of the improvement or the life of the related lease.

Claims Expense

Claims expense is accrued in the period that incidents of loss occur, based upon estimates of liability made by management with the assistance of third-party administrators, legal counsel, and actuaries. Claims liability represents management's best estimate based on known information.

Compensated Absences

SMART employees earn vacation and sick leave, which is generally fully vested when earned. Unused vacation time may be carried over to the following year with certain limitations; upon termination of employment, employees are paid for unused accumulated vacation. With certain limitations, sick leave may be accumulated and paid upon retirement and, for certain employees, upon voluntary termination of employment. For certain employees, some accumulated sick leave may also be converted into additional vacation time. Accumulated unpaid vacation and sick leave are recorded as a liability.

Capital Acquisition Grant Activities

Federal and state capital acquisition grants fund the purchase of capital items, including buses, bus terminals, and related transportation equipment used by SMART and other transit agencies within the southeastern Michigan region. Capital grants for the acquisition of capital assets are recorded as grants receivable in the balance sheet and capital contributions in the statement of revenues, expenses, and changes in net assets when the related qualified expenditures are incurred. When capital assets relating to other transit agencies are transferred to such transit agencies, their related costs are removed from the records of SMART.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

When assets acquired with capital grant funds are disposed of, the Authority is required to notify the granting federal agency. A proportional amount of the proceeds or fair market value, if any, of such property may be used to acquire like-kind replacement vehicles or remitted to the granting federal agency.

Net Assets

Equity is displayed in three components as follows:

- *Invested in capital, net of related debt* - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* - This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first and then unrestricted resources when they are needed. The Authority does not have restricted net assets at June 30, 2007 or 2006.
- *Unrestricted* - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Classification of Revenues

SMART has classified its revenues as either operating or nonoperating revenues according to the following criteria:

- *Operating revenues* - Operating revenues include activities that have the characteristics of exchange transactions, such as revenues from transit operations.
- *Nonoperating revenues* - Nonoperating revenues include activities that have the characteristics of nonexchange transactions that are defined as nonoperating revenues by GASB No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, such as federal and state contributions and investment income.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

III. STATE OF MICHIGAN OPERATING ASSISTANCE FUNDS

Under Act 51 of the Public Acts of 1951, as amended, the State of Michigan makes distributions of funds that have been appropriated for mass transit operating assistance. RTCC is the designated recipient of such funds, and SMART is a subrecipient of RTCC. SMART has recorded operating grant revenues under Act 51 based on a formula that takes into account the eligible costs incurred by SMART, estimates of eligible costs incurred by DDOT, locally generated revenues of SMART and DDOT, the percentage of RTCC's funding that is allocable to SMART, and preliminary information made available by the Michigan Department of Transportation (MDOT) as to the amount of funds expected to be available to the RTCC.

Based on the latest available determinations of State operating assistance allocable to SMART in accordance with the Act 51 funding formula, for certain of the State's fiscal years through September 30, 2006, operating assistance payments were received in excess of the amounts allocable to SMART. The overpayments, in the amount of \$82,891 was recorded as a payable to the State of Michigan at June 30, 2006. As of June 30, 2007, no overpayment exists.

Act 51 requires SMART to provide a portion of the State operating assistance as funding to municipalities within its transportation district. Amounts not used by the municipalities within two years must be expended by SMART for operating purposes within the county in which the city, village, or township lies. SMART was required to provide approximately \$3,059,000 pursuant to this provision in both fiscal years 2007 and 2006.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Investment and deposit risk

Overview. The investment policy adopted by SMART allows deposits and investments that are in accordance with State regulations. Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended), authorizes SMART to make deposits and investments as follows. SMART is authorized to invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. SMART is allowed to invest in bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated with the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of investments above. SMART's investment policy does not have specific limits in excess of State law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. SMART's investment policy does not have specific limits in excess of state law on investment credit risk. SMART's investment in commercial paper of \$17,000,000 was rated A1, P1 by Standard & Poor's and Moody's nationally recognized statistical rating organizations.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, SMART's deposits may not be returned. State law does not require and SMART does not have a policy for deposit custodial credit risk. At June 30, 2007 and 2006, the book amount of SMART's deposits was \$6,395,100 and \$4,398,378, respectively, and the bank balance was \$9,189,815 and \$4,701,268, respectively. As a

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

result, at June 30, 2007 and 2006, \$8,889,815 and \$4,401,268 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, SMART will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and SMART does not have a policy for investment custodial credit risk. Of the investments in commercial paper of \$17,000,000 at June 30, 2007, and \$15,999,997 at June 30, 2006, the total amount was subject to custodial credit risk because the related securities are uninsured, unregistered and held by the Agency's brokerage firm.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. SMART's investment policy does not have specific limits in excess of State law on concentration of credit risk. At June 30, 2007, the Agency had over 5% of its investments in commercial paper with three corporate entities.

B. Grants Receivable

At June 30, grants receivable are comprised of the following:

	<u>2007</u>	<u>2006</u>
Accounts receivable, billed		
Federal Operating Grant (CMAQ)	\$ 2,384,520	\$ 2,422,958
Federal government grants	13,800,604	14,617,103
State of Michigan grants	<u>758,976</u>	<u>801,922</u>
Total billed	<u>16,944,100</u>	<u>17,841,983</u>
Accounts receivable, unbilled		
Federal government grants	749,915	1,208,242
State of Michigan grants	274,733	488,831
Local grants	<u>34,720</u>	<u>117,672</u>
Total unbilled	<u>1,059,368</u>	<u>1,814,745</u>
Total	<u>\$ 18,003,468</u>	<u>\$ 19,656,728</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

C. Capital Assets

Capital asset activity during the fiscal year ended June 30, 2007 is as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets not being depreciated				
Land	\$ 4,246,270	\$ -	\$ -	\$ 4,246,270
Construction in progress	<u>195,970</u>	<u>2,173,426</u>	<u>195,970</u>	<u>2,173,426</u>
Total capital assets not being depreciated	<u>4,442,240</u>	<u>2,173,426</u>	<u>195,970</u>	<u>6,419,696</u>
Capital assets being depreciated				
Fixed Route buses & equip.	83,908,565	40,242	349,008	83,599,799
Connector buses and related equipment	31,068,526	630,776	2,983,749	28,715,553
Buildings	39,516,798	517,040	-	40,033,838
Office furniture and equipment	1,803,844	-	-	1,803,844
Other equipment	38,066,193	935,630	-	39,001,823
Leasehold improvements	<u>3,979,148</u>	<u>691,017</u>	<u>-</u>	<u>4,670,165</u>
Total capital assets being depreciated	<u>198,343,074</u>	<u>2,814,705</u>	<u>3,332,757</u>	<u>197,825,022</u>
Less accumulated depreciation and amortization				
Fixed Route buses and equipment	30,854,491	6,433,052	349,009	36,938,536
Connector buses and related equipment	16,686,729	3,879,872	2,983,749	17,582,852
Buildings	27,288,284	1,096,219	-	28,384,503
Office furniture and equipment	1,732,859	19,641	-	1,752,500
Other equipment	33,610,771	1,702,524	-	35,313,295
Leasehold improvements	<u>2,387,916</u>	<u>276,211</u>	<u>-</u>	<u>2,664,127</u>
Total accumulated depreciation and amortization	<u>112,561,050</u>	<u>13,407,519</u>	<u>3,332,758</u>	<u>122,635,813</u>
Total capital assets being depreciated, net	<u>85,782,024</u>	<u>(10,592,814)</u>	<u>-</u>	<u>75,189,29</u>
Total capital assets, net	<u>\$ 90,224,264</u>	<u>\$(8,419,388)</u>	<u>\$ 195,971</u>	<u>\$ 81,608,905</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

Capital asset activity during the fiscal year ended June 30, 2006 is as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Capital assets not being depreciated				
Land	\$ 4,246,270	\$ -	\$ -	\$ 4,246,270
Construction in progress	<u>162,053</u>	<u>195,970</u>	<u>162,053</u>	<u>195,970</u>
Total capital assets not being depreciated	<u>4,408,323</u>	<u>195,970</u>	<u>162,053</u>	<u>4,442,240</u>
Capital assets being depreciated				
Fixed Route buses and equipment	90,724,672	167,691	6,983,798	83,908,565
Connector buses and related equipment	28,445,144	9,391,473	6,768,091	31,068,526
Buildings	38,891,695	625,103	-	39,516,798
Office furniture and equipment	1,803,844	-	-	1,803,844
Other equipment	37,610,522	455,671	-	38,066,193
Leasehold improvements	<u>3,546,440</u>	<u>432,708</u>	<u>-</u>	<u>3,979,148</u>
Total capital assets being depreciated	<u>201,022,317</u>	<u>11,072,646</u>	<u>13,751,889</u>	<u>198,343,074</u>
Less accumulated depreciation and amortization				
Fixed Route buses and equipment	30,969,236	6,687,323	6,802,068	30,854,491
Connector buses and related equipment	20,246,716	3,199,977	6,759,964	16,686,729
Buildings	26,149,377	1,138,907	-	27,288,284
Office furniture and equipment	1,710,260	22,599	-	1,732,859
Other equipment	31,345,806	2,264,965	-	33,610,771
Leasehold improvements	<u>2,166,619</u>	<u>221,297</u>	<u>-</u>	<u>2,387,916</u>
Total accumulated depreciation and amortization	<u>112,588,014</u>	<u>13,535,068</u>	<u>13,562,032</u>	<u>112,561,050</u>
Total capital assets being depreciated, net	<u>88,434,303</u>	<u>(2,462,422)</u>	<u>189,857</u>	<u>85,782,024</u>
Total capital assets, net	<u>\$ 92,842,626</u>	<u>\$ (2,266,452)</u>	<u>\$ 351,910</u>	<u>\$ 90,224,264</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

D. Purchase of Service Agreements

SMART has entered into purchase-of-service agreements with various transportation agencies, including community transit operators, all of which are separate transit systems operating in SMART's region. The agreements generally require that operating losses (as defined in the respective agreements) of these transportation agencies be subsidized up to specified maximum amounts.

Expenses under the purchase-of-service agreements for the years ended June 30 are comprised of the following:

	<u>2007</u>	<u>2006</u>
Municipal credits	\$3,058,956	\$3,058,956
Community credits	3,089,149	3,077,689
Community transit bus service	2,346,040	2,059,665
Specialized services	763,807	685,414
Ridesharing	-	94,500
NOTA	-	302,112
New services	38,132	52,602
Community-based services	<u>46,122</u>	<u>289,838</u>
Total	<u>\$9,342,206</u>	<u>\$9,620,776</u>

E. Interfund Receivables and Payables

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenses occur.

At June 30, 2007 and 2006 the internal service fund had amounts due from the enterprise operating fund of \$3,000,000 and \$3,056,000, respectively.

F. Long-term Debt

On September 8, 2000, SMART entered into an installment purchase contract to acquire 100 transit coaches during fiscal year 2001 at a cost of \$27.3 million. The acquisition is financed at a 5.23% interest rate over a 10-year period, with a semi-annual payment of principal and interest of \$1.77 million, each due on February 15 and August 15 of each year. The contract also provided for two annual options to acquire 100 and 87 additional coaches during fiscal years 2002 and 2003, respectively, at interest rates indexed to the market. At June 30, 2003, all 100 buses were delivered.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

In August 2001, SMART exercised its option to obtain 100 additional buses. This acquisition is financed at a 4.90% rate over a 10-year period, with semi-annual payment of principal and interest of \$1.9 million, each due on February 15 and August 15 of each year.

In October 2002, SMART exercised its option to acquire the final 87 buses. The acquisition is financed at a 4.78% rate over a 10-year period, with semi-annual payment of principal and interest of \$1.6 million, each due on February 15 and August 15 of each year. These three contracts are recorded as notes payable in the financial statements.

Subsequent to the acquisition of the first 100 transit coaches (Note 1), a significant downward fluctuation in the capital market interest rates occurred. The decrease in market rates was sufficient to warrant a restructuring of Note 1 with a reduction in interest expense to SMART. Effective February 18, 2004, the new interest rate for Note 1 is 4.44%, with a semi-annual payment of principal and interest of \$1.74 million. The restructuring of Note 1 will reduce interest expense by over \$425,000 over the life of the note.

During fiscal year 2007, Note 2 and Note 3 were also restructured to further reduce interest expense to SMART. Effective August 11, 2006, the new interest rate for Note 2 is 4.5%, with a semi-annual payment of principal and interest of \$1.6 million. Effective March 23, 2007, the new interest rate for Note 3 is 4.64%, with a semi-annual payment of principal and interest of \$1.4 million. The restructuring of Note 2 and Note 3 will reduce interest expense by over \$1 million over the life of the notes.

Note payable activity for the year ended June 30, 2007 was as follows:

<u>Issue</u>	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>	<u>Due within one year</u>
Note 1	\$ 14,020,483	\$ -	\$ 2,880,735	\$ 11,139,748	\$ 3,010,059
Note 2	15,187,022	-	2,249,988	12,937,034	2,655,284
Note 3	15,575,635	-	1,991,342	13,584,293	2,279,224
Total	<u>\$ 44,783,140</u>	<u>\$ -</u>	<u>\$ 7,122,065</u>	<u>\$ 37,661,075</u>	<u>\$ 7,944,567</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

Note payable activity for the year ended June 30, 2006 was as follows:

<u>Issue</u>	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>	<u>Due within one year</u>
Note 1	\$16,777,449	\$ -	\$ 2,756,966	\$14,020,483	\$ 2,880,735
Note 2	18,001,769	-	2,814,747	15,187,022	2,954,359
Note 3	<u>17,875,575</u>	<u>-</u>	<u>2,299,940</u>	<u>15,575,635</u>	<u>2,411,191</u>
Total	<u>\$52,654,793</u>	<u>\$ -</u>	<u>\$ 7,871,653</u>	<u>\$44,783,140</u>	<u>\$ 8,246,285</u>

As of June 30, 2007, the annual requirements to pay principal and interest on the note are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended June 30			
2008	\$ 7,944,567	\$ 1,412,769	\$ 9,357,336
2009	8,281,242	1,075,993	9,357,235
2010	8,644,781	706,512	9,351,293
2011 and thereafter	<u>12,790,485</u>	<u>467,833</u>	<u>13,258,318</u>
Total	<u>\$ 37,661,075</u>	<u>\$ 3,663,107</u>	<u>\$ 41,324,182</u>

The figures above present the financial position of notes payable as of June 30, 2007.

V. OTHER INFORMATION

A. Risk Management

In fiscal 2007 and 2006, SMART was a qualifying self-insurer for vehicle and general liability with a self retention per occurrence of \$1 million, and excess insurance in an amount of \$4 million per occurrence. SMART also was self-insured for workers' compensation claims up to \$500,000 per specific claim, and is insured up to \$5 million for aggregate losses in excess of \$500,000 per claim. Vehicle and general liability and workers' compensation claim liabilities are actuarially determined based on known information. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. These liabilities are classified as current, although some portion may not be paid within one year. Management believes, based on prior experience that the estimated reserve for claims is adequate to satisfy all claims filed, or to be filed, for incidents that occurred through June 30, 2007.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

Settled claims have not exceeded commercial coverage in any of the preceding four years.

SMART carries commercial insurance for other areas of risk, including health benefits.

Changes in the balances of self-insured liabilities during fiscal 2007 and 2006 were as follows:

	<u>2007</u>	<u>2006</u>
Claims liability - July 1	\$ 15,970,407	\$ 14,569,339
Current year claims	4,724,540	8,243,696
Claim payments	<u>(6,311,025)</u>	<u>(6,842,628)</u>
Claims liability - June 30	<u>\$ 14,383,922</u>	<u>\$ 15,970,407</u>

B. Pension Information

Plan Description

SMART participates in the Municipal Employees' Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee defined-benefit pension plan created under Public Act 135 of 1945, now operating under Public Act 220 of 1996. MERS was established to provide retirement, survivor, and disability benefits on a voluntary basis to the State of Michigan's local government employees.

Pursuant to Act 220, on August 15, 1996, MERS became an independent public nonprofit corporation, which is an instrumentality of the participating municipalities and courts. Prior to that, MERS was a component unit of the State of Michigan and operated within the Department of Management and Budget. MERS is administered solely by a Retirement Board. Benefit programs and provisions are established by the Retirement Board. MERS assigns the authority to establish and amend the benefit provisions of the plan to the respective employer entities. MERS of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan, 48917 or by calling 1-800-767-6377.

Substantially all SMART employees are members of the MERS plan. As of December 31, 2006, the date of the last actuarial valuation, 447 retirees and beneficiaries were receiving benefit payments, and the Plan had 928 active members and 180 inactive vested members.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

Benefits vest after 6 years of service, with special provisions for death and disability. Normal retirement is at age 60 with 6 years of service or at age 55 with 15 years of service. Early retirement with reduced benefits is available beginning at age 50 with 25 years of service.

Funding Policy

Members of only one of SMART's collective bargaining units make contributions to MERS. For the years ended June 30, 2007 and 2006, such employees contributed 3% of their payroll. SMART is required to contribute at an actuarially determined rate. For the fiscal year ended June 30, 2007, the rates, as a percentage of annual payroll, are as follows: ATU drivers, 12.35%; ATU clerical, 11.33%; UAW #771, 7.66%; Teamsters #247, 12.84%; AFSCME 1917, 14.78%; nonunion, 15.94%. The contribution requirements of plan members are established and may be amended by the Retirement Board of MERS.

Annual Pension Cost

For fiscal years ended June 30, 2007 and 2006, SMART recorded annual pension expense of \$5,100,478 and \$4,902,184, respectively.

The required contribution amount was determined as part of the December 31, 2003 actuarial valuation using the entry-age normal cost actuarial method. The actuarial assumptions included: (a) 8% investment rate of return; (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation; (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit; and (d) the assumption that benefits will increase 2.5% per year (annually) after retirement for pensions under certain categories. The actuarial values of assets are determined on the basis of a valuation method that assumes the fund earns the expected rate of return (8%) and includes an adjustment to reflect market value. SMART's unfunded actuarial accrued liability is being amortized as a level percent of payroll over a period of 30 years.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

SMART's annual pension cost and net pension obligations for the years ended June 30, 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Annual required contributions	\$ 4,903,596	\$ 4,727,052
Interest on net pension cost	(47,037)	(32,178)
Adjustment to annual required contribution	<u>31,533</u>	<u>21,572</u>
Annual pension cost	4,888,092	4,716,446
Contributions made	<u>5,100,478</u>	<u>4,902,184</u>
Increase in net pension asset	(212,386)	(185,738)
Pension obligation at beginning of year	<u>(587,958)</u>	<u>(402,220)</u>
Pension obligation/asset, at end of year	<u><u>\$ (800,344)</u></u>	<u><u>\$ (587,958)</u></u>

Three-year Historical Trend Information (dollar amounts in thousands):

	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation/ Asset</u>
Fiscal year ended June 30			
2005	\$ 4,584	110%	\$ (402)
2006	4,716	104%	(588)
2007	4,888	104%	(800)

C. Other Postretirement Benefits

In addition to the pension benefits described in above, SMART provides postretirement health insurance, life insurance, and prescription benefits to certain employees who retire after attaining age 60 with at least 6 years of service or after attaining age 55 with at least 15 years of service. For the years ended June 30, 2007 and 2006, approximately 300 and 315 retirees met those eligibility requirements. Expenses for health and life insurance are recognized monthly as premiums are paid. Expenses for such postretirement benefits for the years ended June 30, 2007 and 2006 were approximately \$2,706,000 and \$2,343,000, respectively.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

D. Commitments

SMART leases certain office space and equipment under operating lease agreements. Some leases include escalation clauses for SMART's pro-rata share of taxes and operating expenses. Most leases of office space and equipment are on a month-to-month basis. Total rent expense for the years ended June 30, 2007 and 2006 was approximately \$637,000 and \$558,000, respectively. SMART extended its administrative office space and ticket sales store lease to September 30, 2007 and October 31, 2007, respectively. The monthly rental payment on this extended lease is \$62,694.

SMART entered into a new, non-cancelable 10 year lease commencing October 1, 2007 through September 30, 2017 for its administrative offices and the ticket sales store. The 10 year lease provides for 42 months of free rent. The first 28 months of the lease are free, with the remaining free months distributed throughout the remaining 8 year period as is outlined in the lease agreement.

Minimum lease payments are as follows:

Fiscal Year Ended June 30,	Amount
2008	\$ -
2009	-
2010	211,818
2011	338,956
2012	361,378
2013 to 2018	<u>1,975,520</u>
Total	<u><u>\$2,887,672</u></u>

E. Contingencies

Various legal actions and workers' compensation claims are outstanding or may be instituted or asserted against SMART. Management has accrued amounts with respect to such actions and claims based on its best estimate of SMART's ultimate liability in these matters, including an estimate for claims that have been incurred but not reported for self-insured vehicle liability.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

NOTES TO THE FINANCIAL STATEMENTS

F. Deferred Compensation Plan

SMART offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan are held for the exclusive benefit of the participants and their beneficiaries and are not reflected in SMART's financial statements.

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**SUBURBAN MOBILITY AUTHORITY
FOR REGIONAL TRANSPORTATION**

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

Defined Benefit Pension Plan

Schedule of Funding Progress (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Attained Age# (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio % (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a) / c)
12/31/04	\$ 113,930	\$ 135,308	\$ 21,379	84.20 %	\$ 40,342	53%
12/31/05	122,591	146,089	23,498	83.92 %	40,866	58%
12/31/06	132,547	157,725	25,178	84.04 %	42,543	59%

SUPPLEMENTARY SCHEDULES

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING REVENUE
YEAR ENDED JUNE 30, 2007

SCHEDULE 1

	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	Jul-06	Jul-06	Jul-06	Jul-06	Jul-06	Jul-06	Jul-06
	Sep-06	Sep-06	Sep-06	Sep-06	Sep-06	Sep-06	Sep-06
	SMART	MOUNT CLEMENS	HARPER WOODS	REDFORD	NANKIN	COMM BASED	TOTAL
FIXED ROUTE (FAREBOX)	\$ 2,597,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,597,930
CONNECTOR (FAREBOX)	133,608	11,521	6,838	4,735	23,880	35,092	215,674
SPECIAL TRANSIT FARES	-	-	-	-	-	-	-
ADVERTISING	75,000	-	-	-	-	-	75,000
RENTAL	7,775	-	-	-	-	-	7,775
OTHER	1,858	-	-	-	-	-	1,858
MUN.CREDITS PLEDGED	-	-	-	-	-	-	-
COMMUNITY CREDITS PLEDGED	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
TOTAL OPERATING REVENUE	\$ 2,816,171	\$ 11,521	\$ 6,838	\$ 4,735	\$ 23,880	\$ 35,092	\$ 2,898,237

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING REVENUE
YEAR ENDED JUNE 30, 2007

SCHEDULE 1

	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	Oct-06	Oct-06	Oct-06	Oct-06	Oct-06	Oct-06	Oct-06
	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07
	SMART	MOUNT CLEMENS	HARPER WOODS	REDFORD	NANKIN	COMM BASED	TOTAL
FIXED ROUTE (FAREBOX)	\$ 7,571,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,571,696
CONNECTOR (FAREBOX)	369,959	52,555	30,155	8,974	75,810	101,568	639,021
SPECIAL TRANSIT FARES	6,460	-	-	-	-	14,067	20,527
ADVERTISING	225,000	-	-	-	-	-	225,000
RENTAL	61,625	-	-	-	-	-	61,625
OTHER	2,847	10,242	-	90	-	-	13,179
MUN.CREDITS PLEDGED	248,686	-	-	-	-	-	248,686
COMMUNITY CREDITS PLEDGED	116,952	-	-	-	-	-	116,952
	-	-	-	-	-	-	-
TOTAL OPERATING REVENUE	\$ 8,603,225	\$ 62,797	\$ 30,155	\$ 9,064	\$ 75,810	\$ 115,635	\$ 8,896,686

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING REVENUE
YEAR ENDED JUNE 30, 2007

SCHEDULE 1

	AUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	Jul-06	Jul-06	Jul-06	Jul-06	Jul-06	Jul-06	Jul-06
	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07
	SMART	MOUNT CLEMENS	HARPER WOODS	REDFORD	NANKIN	COMM BASED	GRAND TOTAL
FIXED ROUTE (FAREBOX)	\$ 10,169,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,169,626
CONNECTOR (FAREBOX)	503,567	64,076	36,993	13,709	99,690	136,660	854,695
SPECIAL TRANSIT FARES	6,460	-	-	-	-	14,067	20,527
ADVERTISING	300,000	-	-	-	-	-	300,000
RENTAL	69,400	-	-	-	-	-	69,400
OTHER	4,705	10,242	-	90	-	-	15,037
MUN.CREDITS PLEDGED	248,686	-	-	-	-	-	248,686
COMMUNITY CREDITS PLEDGED	116,952	-	-	-	-	-	116,952
	-	-	-	-	-	-	-
TOTAL OPERATING REVENUE	\$ 11,419,396	\$ 74,318	\$ 36,993	\$ 13,799	\$ 99,690	\$ 150,727	\$ 11,794,923

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
 OPERATING REVENUE
 YEAR ENDED JUNE 30, 2007

SCHEDULE 1

	UNAUDITED	UNAUDITED	UNAUDITED
	Jul-06	Oct-06	Jul-06
	Sep-06	Jun-07	Jun-07
	ROYAL	ROYAL	ROYAL
	OAK	OAK	OAK
FIXED ROUTE (FAREBOX)	\$ -	\$ -	\$ -
CONNECTOR (FAREBOX)	744	1,469	2,213
SPECIAL TRANSIT FARES	-	-	-
ADVERTISING	-	-	-
RENTAL	-	-	-
OTHER	-	-	-
MUN.CREDITS PLEDGED	-	-	-
COMMUNITY CREDITS PLEDGED	-	-	-
TOTAL OPERATING REVENUE	<u>\$ 744</u>	<u>\$ 1,469</u>	<u>\$ 2,213</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING REVENUE
YEAR ENDED JUNE 30, 2007

SCHEDULE 1A

	Oct-05 Jun-06	Oct-05 Jun-06	Oct-05 Jun-06	Oct-05 Jun-06	Oct-05 Jun-06	Oct-05 Jun-06	Oct-05 Jun-06
	SMART	MOUNT CLEMENS	HARPER WOODS	REDFORD	NANKIN	COMM BASED	TOTAL
FIXED ROUTE (FAREBOX)	\$ 7,655,299	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,655,299
CONNECTOR (FAREBOX)	395,607	50,665	27,487	15,603	93,923	102,543	685,828
SPECIAL TRANSIT FARES	7,654	-	-	-	-	-	7,654
ADVERTISING	362,035	-	-	-	-	-	362,035
RENTAL	35,881	-	-	-	-	-	35,881
OTHER	4,680	4,934	-	-	-	-	9,614
MUN.CREDITS PLEDGED	11,043	-	-	-	-	-	11,043
COMMUNITY CREDITS PLEDGED	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
TOTAL OPERATING REVENUE	\$ 8,472,199	\$ 55,599	\$ 27,487	\$ 15,603	\$ 93,923	\$ 102,543	\$ 8,767,354

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING REVENUE
YEAR ENDED JUNE 30, 2007

SCHEDULE 1A

	Jul-06 Sep-06	Jul-06 Sep-06	Jul-06 Sep-06	Jul-06 Sep-06	Jul-06 Sep-06	Jul-06 Sep-06	Jul-06 Sep-06
	SMART	MOUNT CLEMENS	HARPER WOODS	REDFORD	NANKIN	COMM BASED	TOTAL
FIXED ROUTE (FAREBOX)	\$ 2,597,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,597,930
CONNECTOR (FAREBOX)	133,608	11,521	6,838	4,735	23,880	35,092	215,674
SPECIAL TRANSIT FARES	-	-	-	-	-	-	-
ADVERTISING	75,000	-	-	-	-	-	75,000
RENTAL	7,775	-	-	-	-	-	7,775
OTHER	1,858	-	-	-	-	-	1,858
MUN.CREDITS PLEDGED	-	-	-	-	-	-	-
COMMUNITY CREDITS PLEDGED	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
TOTAL OPERATING REVENUE	\$ 2,816,171	\$ 11,521	\$ 6,838	\$ 4,735	\$ 23,880	\$ 35,092	\$ 2,898,237

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING REVENUE
YEAR ENDED JUNE 30, 2007

SCHEDULE 1A

	Oct-05 Sep-06	Oct-05 Sep-06	Oct-05 Sep-06	Oct-05 Sep-06	Oct-05 Sep-06	Oct-05 Sep-06	Oct-05 Sep-06
	SMART	MOUNT CLEMENS	HARPER WOODS	REDFORD	NANKIN	COMM BASED	GRAND TOTAL
FIXED ROUTE (FAREBOX)	\$ 10,253,229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,253,229
CONNECTOR (FAREBOX)	529,215	62,186	34,325	20,338	117,803	137,635	901,502
SPECIAL TRANSIT FARES	7,654	-	-	-	-	-	7,654
ADVERTISING	437,035	-	-	-	-	-	437,035
RENTAL	43,656	-	-	-	-	-	43,656
OTHER	6,538	4,934	-	-	-	-	11,472
MUN.CREDITS PLEDGED	11,043	-	-	-	-	-	11,043
COMMUNITY CREDITS PLEDGED	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
TOTAL OPERATING REVENUE	\$ 11,288,370	\$ 67,120	\$ 34,325	\$ 20,338	\$ 117,803	\$ 137,635	\$ 11,665,591

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING REVENUE
YEAR ENDED JUNE 30, 2007

SCHEDULE 1A

	Oct-05	Jul-06	Oct-05
	Jun-06	Sep-06	Sep-06
	ROYAL	ROYAL	ROYAL
	OAK	OAK	OAK
FIXED ROUTE (FAREBOX)	\$ -	\$ -	\$ -
CONNECTOR (FAREBOX)	1,857	744	2,601
SPECIAL TRANSIT FARES	-	-	-
ADVERTISING	-	-	-
RENTAL	-	-	-
OTHER	-	-	-
MUN.CREDITS PLEDGED	-	-	-
COMMUNITY CREDITS PLEDGED	-	-	-
	-	-	-
TOTAL OPERATING REVENUE	\$ 1,857	\$ 744	\$ 2,601

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2007
(AUDITED)

SCHEDULE 2

FEDERAL GRANTOR/PASS THRU GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING
U.S DEPARTMENT OF TRANSPORTATION											
DIRECT ASSISTANCE											
CAPITAL ASSISTANCE	80 % - 20 %	FY2001	SECTION 5309	20.500	MI-03-0175	2002-0088 Z3	4,085,048	434,632	434,632	-	600,189
CAPITAL ASSISTANCE	80 % - 20 %	FY2002	SECTION 5309	20.500	MI-03-0185	2002-0088 Z9	2,088,961	88,960	88,960	-	167,035
CAPITAL ASSISTANCE	80 % - 20 %	FY2003	SECTION 5309	20.500	MI-03-0194	2002-0088 Z12	3,442,875	355,879	355,879	-	2,600,372
CAPITAL ASSISTANCE	80 % - 20 %	FY2004	SECTION 5309	20.500	MI-03-0205	2002-0088 Z20	5,339,805	598,831	598,831	-	3,968,705
CAPITAL ASSISTANCE NOTA	80 % - 20 %	FY2002	SECTION 5309	20.500	MI-03-0207	2002-0088 Z23	148,504	9,348	9,348	-	-
CAPITAL ASSISTANCE NOTA	80 % - 20 %	FY2005	SECTION 5309	20.500	MI-03-0218	2002-0088 Z27	77,742	-	-	-	77,742
CAPITAL ASSISTANCE	80 % - 20 %	FY2005	SECTION 5309	20.500	MI-03-0220	2002-0088 Z28	2,267,114	840,413	840,413	-	655,245
CAPITAL ASSISTANCE	80 % - 20 %	FY2006	SECTION 5309	20.500	MI-04-0133	2002-0088 Z37	7,623,000	534,728	534,728	-	5,419,314
							25,073,049	2,862,791	2,862,791	-	13,488,602
PLANNING & TECHNICAL STUDIES FY05				20.505	MI-08-XXXX	N/A	299,520	-	-	-	-
PLANNING & TECHNICAL STUDIES FY06				20.505	MI-08-XXXX	N/A	305,491	-	-	-	-
PLANNING & TECHNICAL STUDIES FY07				20.505	MI-08-XXXX	N/A	305,491	305,491	305,491	-	-
							910,502	305,491	305,491	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2000	SECTION 5307	20.507	MI-90-0336	2000-0751	12,877,102	266,990	266,990	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2002	SECTION 5307	20.507	MI-90-0385	2002-0088 Z4	13,861,988	8,653	8,653	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2002	ENHANCEMENT	20.507	MI-90-0392	2002-0088 Z7	13,840	3,897	3,897	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2003	SECTION 5307	20.507	MI-90-0402	2002-0088 Z11	12,573,660	150,692	150,692	-	3,431
CAPITAL ASSISTANCE	80 % - 20 %	FY2003	CMAQ	20.507	MI-90-0410	2002-0088 Z14	688,325	887	887	-	229,510
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2003	SECTION 5307	20.507	MI-90-0413	2002-0088 Z15	268,490	29,178	29,178	-	31,312
CAPITAL ASSISTANCE	80 % - 20 %	FY2004	SECTION 5307	20.507	MI-90-0435	2002-0088 Z17	12,723,791	23,200	23,200	-	124,522
CAPITAL ASSISTANCE RICHMOND LENOX	80 % - 20 %	FY2004	STP	20.507	MI-90-0436	2002-0088 Z19	24,000	13,266	13,266	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2004	CMAQ	20.507	MI-90-0438	2002-0088 Z25	974,986	1,394	1,394	-	191,225
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2004	SECTION 5307	20.507	MI-90-0441	2002-0088 Z18	268,460	74,737	74,737	-	47,365
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2004	STP	20.507	MI-90-0450	2002-0088 Z26	65,500	2,028	2,028	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2005	CMAQ	20.507	MI-90-0456	2002-0088 Z29	624,000	-	-	-	119,962
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2005	SECTION 5307	20.507	MI-90-0462	2002-0088 Z32	281,342	10,294	10,294	-	128,787
CAPITAL ASSISTANCE	80 % - 20 %	FY2005	SECTION 5307	20.507	MI-90-0465	2002-0088 Z33	13,043,067	1,005,577	1,005,577	-	694,737
CAPITAL ASSISTANCE	80 % - 20 %	FY2006	SECTION 5307	20.507	MI-90-0488	2002-0088 Z39	13,045,016	96,850	96,850	-	875,399
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2006	SECTION 5307	20.507	MI-90-0489	2002-0088 Z38	281,932	-	-	-	281,932
CAPITAL ASSISTANCE	80 % - 20 %	FY2006	CMAQ	20.507	MI-90-0515	2002-0088 Z36	380,000	-	-	-	380,000
CAPITAL ASSISTANCE	80 % - 20 %	FY2007	SECTION 5307	20.507	MI-90-0540	2007-0294 Z4	13,530,712	13,066,263	13,066,263	-	464,449

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2007
(AUDITED)

SCHEDULE 2

FEDERAL GRANTOR/PASS THRU GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2007	SECTION 5307	20.507	MI-90-0541	2007-0294 Z3	295,603	-	-	-	295,603
							95,821,814	14,753,906	14,753,906	-	3,868,234
MICHIGAN DEPARTMENT OF TRANSPORTATION											
CAPITAL ASSISTANCE	100 % STATE	FY1993	SECTION 3	N/A		93-1093	1,374,719	-	-	-	40,445
CAPITAL ASSISTANCE	100 % STATE	FY1994	FHWA	N/A		94-0166	5,625,000	13,169	-	13,169	-
CAPITAL ASSISTANCE	100 % STATE	FY1995	16 B-2	N/A		95-1479	500,000	-	-	-	10,288
CAPITAL ASSISTANCE	80 % - 20 %	FY1995	SECTION 9	N/A	MI-90-0232	95-1652	3,027,062	-	-	-	494
CAPITAL ASSISTANCE	100 % STATE	FY1995	FHWA	N/A		95-2164	9,375,000	517,597	-	517,597	1,212,021
CAPITAL ASSISTANCE	80 % - 20 %	FY1996	SECTION 9	N/A	MI-90-0265	96-0778	1,244,902	-	-	-	1
CAPITAL ASSISTANCE	100 % STATE	FY1998	SECTION 5309	N/A		98-0581	944,000	-	-	-	14
CAPITAL ASSISTANCE	80 % - 20 %	FY2000	SECTION 5307	N/A	MI-90-0336	2000-0751	3,219,275	66,747	-	66,747	-
CAPITAL ASSISTANCE	100 % STATE	FY2001	SECTION 5310	N/A		2001-0862	526,736	-	-	-	157
CAPITAL ASSISTANCE	100 % STATE	FY2002	SECTION 5310	N/A		2002-0595	904,845	158,200	-	158,200	28,531
CAPITAL ASSISTANCE	100 % STATE	FY2004	SECTION 5310	N/A		2004-0462	809,940	59,598	-	59,598	189,540
CAPITAL ASSISTANCE	100 % STATE	FY2005	SECTION 5310	N/A		2005-0441	621,099	59,598	-	59,598	561,501
CAPITAL ASSISTANCE	100 % STATE	FY2005	SECTION 5310	N/A		2006-0548	162,417	-	-	-	162,417
CAPITAL ASSISTANCE	100 % STATE	FY2006	SECTION 5310	N/A		2006-0581	1,291,125	-	-	-	1,291,125
CAPITAL ASSISTANCE	80 % - 20 %	FY2001	SECTION 5309	N/A	MI-03-0175	2002-0088 Z3	1,021,262	108,658	-	108,658	150,047
CAPITAL ASSISTANCE	80 % - 20 %	FY2002	SECTION 5307	N/A	MI-90-0385	2002-0088 Z4	3,465,497	2,162	-	2,162	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2002	ENHANCEMENT	20.507	MI-90-0392	2002-0088 Z7	3,460	974	-	974	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2002	SECTION 5309	N/A	MI-03-0185	2002-0088 Z9	522,240	22,240	-	22,240	41,759
CAPITAL ASSISTANCE	80 % - 20 %	FY2003	SECTION 5307	N/A	MI-90-0402	2002-0088 Z11	3,143,415	37,672	-	37,672	859
CAPITAL ASSISTANCE	80 % - 20 %	FY2003	SECTION 5309	N/A	MI-03-0194	2002-0088 Z12	860,719	88,969	-	88,969	650,093
CAPITAL ASSISTANCE	80 % - 20 %	FY2003	CMAQ	N/A	MI-90-0410	2002-0088 Z14	172,081	222	-	222	57,377
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2003	SECTION 5307	N/A	MI-90-0413	2002-0088 Z15	67,122	7,294	-	7,294	7,828
CAPITAL ASSISTANCE	80 % - 20 %	FY2004	SECTION 5307	N/A	MI-90-0435	2002-0088 Z17	3,180,948	5,800	-	5,800	31,131
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2004	SECTION 5307	N/A	MI-90-0441	2002-0088 Z18	67,115	18,684	-	18,684	11,841
CAPITAL ASSISTANCE RICHMOND LENOX	80 % - 20 %	FY2004	STP	N/A	MI-90-0436	2002-0088 Z19	6,000	3,316	-	3,316	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2004	SECTION 5309	N/A	MI-03-0205	2002-0088 Z20	1,334,951	149,708	-	149,708	992,175
CAPITAL ASSISTANCE NOTA	80 % - 20 %	FY2002	SECTION 5309	N/A	MI-03-0207	2002-0088 Z23	37,126	2,338	-	2,338	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2004	CMAQ	N/A	MI-90-0438	2002-0088 Z25	243,747	348	-	348	47,807
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2004	STP	N/A	MI-90-0450	2002-0088 Z26	16,375	507	-	507	-
CAPITAL ASSISTANCE NOTA	80 % - 20 %	FY2005	SECTION 5309	N/A	MI-03-0218	2002-0088 Z27	19,435	-	-	-	19,435
CAPITAL ASSISTANCE	80 % - 20 %	FY2005	SECTION 5309	N/A	MI-03-0220	2002-0088 Z28	838,221	51,667	-	51,667	163,811
CAPITAL ASSISTANCE	80 % - 20 %	FY2005	CMAQ	N/A	MI-90-0456	2002-0088 Z29	156,000	-	-	-	29,991

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2007
(AUDITED)

SCHEDULE 2

FEDERAL GRANTOR/PASS THRU GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2005	SECTION 5307	N/A	MI-90-0462	2002-0088 Z32	45,925	-	-	-	10,360
CAPITAL ASSISTANCE	80 % - 20 %	FY2005	SECTION 5307	N/A	MI-90-0465	2002-0088 Z33	386,539	129,967	-	129,967	100,159
CAPITAL ASSISTANCE	80 % - 20 %	FY2006	CMAQ	N/A	MI-90-0515	2002-0088 Z36	95,000	-	-	-	95,000
CAPITAL ASSISTANCE	80 % - 20 %	FY2006	SECTION 5309	N/A	MI-04-0013	2002-0088 Z37	1,092,213	51,297	-	51,297	1,092,213
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2006	SECTION 5307	N/A	MI-90-0489	2002-0088 Z38	3,000	-	-	-	30,000
CAPITAL ASSISTANCE	80 % - 20 %	FY2006	SECTION 5307	N/A	MI-90-0488	2002-0088 Z39	138,597	14,920	-	14,920	138,597
CAPITAL ASSISTANCE	80 % - 20 %	FY2007	SECTION 5307	N/A	MI-90-0540	2007-0294 Z4	64,482	-	-	-	64,482
COMBINED STATE CONTRACTS							46,607,590	1,571,652	-	1,571,652	7,231,499
TOTAL CAPITAL ASSISTANCE							168,412,955	19,493,840	17,922,188	1,571,652	24,588,335
U.S. DEPARTMENT OF TRANSPORTATION											
STATE & FED. OPERATING ASSISTANCE											
COMPUTATIONS BASED ON OPERATING EXP.											
DIRECT ASSISTANCE											
OPERATING ASSIST. LETC		FY2003	SECTION 5307	20.507	MI-90-4413	N/A	268,490	-	-	-	-
OPERATING ASSIST. LETC		FY2004	SECTION 5307	20.507	MI-90-4441	N/A	268,459	-	-	-	-
OPERATING ASSIST. LETC		FY2005	SECTION 5307	20.507	MI-90-4462	N/A	281,343	-	-	-	-
OPERATING ASSIST. LETC		FY2006	SECTION 5307	20.507	MI-90-4489	N/A	283,250	-	-	-	-
OPERATING ASSIST. LETC		FY2007	SECTION 5307	20.507	MI-90-4541	N/A	295,603	295,603	295,603	-	-
OPERATING ASSIST. - CMAQ SMART		FY2002	CMAQ	20.507	MI-90-0393	N/A	1,573,381	-	-	-	-
OPERATING ASSIST. - CMAQ		FY2003	CMAQ	20.507	MI-90-X410	N/A	2,058,574	-	-	-	-
OPERATING ASSIST. - CMAQ SMART		FY2004	CMAQ	20.507	MI-90-0438	N/A	1,630,740	-	-	-	-
OPERATING ASSIST. - CMAQ LETC		FY2004	CMAQ	20.507	MI-90-0438	N/A	160,000	-	-	-	-
OPERATING ASSIST. - CMAQ SMART		FY2005	CMAQ	20.507	MI-90-0456	N/A	1,024,319	-	-	-	-
OPERATING ASSIST. - CMAQ LETC		FY2006	CMAQ	20.507	MI-90-0515	N/A	245,000	245,000	245,000	-	-
OPERATING ASSIST. - CMAQ SMART		FY2006	CMAQ	20.507	MI-90-0515	N/A	2,413,889	-	-	-	-
OPERATING ASSIST. - CMAQ LETC		FY2007	CMAQ	20.507	MI-95-0011	N/A	310,366	-	-	-	310,366
OPERATING ASSIST. - CMAQ SMART		FY2007	CMAQ	20.507	MI-95-0011	N/A	2,365,188	2,365,188	2,365,188	-	-
TOTAL							13,178,602	2,905,791	2,905,791	-	310,366
ACCESS TO JOBS											
N/A				20.516	XX-XX-XXXX		-	-	-	-	-
N/A				20.516	XX-XX-XXXX		-	-	-	-	-
N/A				20.516	XX-XX-XXXX		-	-	-	-	-
							-	-	-	-	-

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2007
(AUDITED)

SCHEDULE 2

FEDERAL GRANTOR/PASS THRU GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING
PASSED THROUGH MDOT											
OPERATING ASSIST. - SEC.5311		FY2005	SECTION 5311	20.509		2002-0088 Z22	133,288	-	-	-	-
OPERATING ASSIST. - SEC.5311		FY2006	SECTION 5311	20.509		2002-0088 Z34	155,880	33,711	33,711	-	-
OPERATING ASSIST. - SEC.5311		FY2007	SECTION 5311	20.509		2007-0294 Z2	168,577	126,433	126,433	-	42,144
TOTAL							457,745	160,144	160,144	-	42,144
SUB TOTAL							13,636,347	3,065,935	3,065,935	-	352,510
MICHIGAN DEPARTMENT OF TRANSPORTATION											
OPERATING ASSISTANCE - ACT 51 SMART URBAN				N/A		9/30/2002	-	1,683	-	1,683	-
OPERATING ASSISTANCE - ACT 51 SMART URBAN				N/A		9/30/2003	-	-	-	-	-
OPERATING ASSISTANCE - ACT 51 SMART URBAN				N/A		9/30/2004	-	154,333	-	154,333	-
OPERATING ASSISTANCE - ACT 51 SMART URBAN				N/A		9/30/2005	-	-	-	-	-
OPERATING ASSISTANCE - ACT 51 SMART URBAN				N/A		9/30/2006	-	7,398,018	-	7,398,018	-
OPERATING ASSISTANCE - ACT 51 SMART URBAN				N/A		9/30/2007	-	22,261,104	-	22,261,104	-
MUNICIPAL CREDIT SPECIAL APPROPRIATION				N/A		9/30/2007	-	1,529,480	-	1,529,480	-
OPERATING ASSISTANCE - ACT 51 BEDFORD URBAN				N/A		9/30/2002	-	267	-	267	-
OPERATING ASSISTANCE - ACT 51 BEDFORD URBAN				N/A		9/30/2003	-	-	-	-	-
OPERATING ASSISTANCE - ACT 51 BEDFORD URBAN				N/A		9/30/2004	-	(50)	-	(50)	-
OPERATING ASSISTANCE - ACT 51 BEDFORD URBAN				N/A		9/30/2005	-	-	-	-	-
OPERATING ASSISTANCE - ACT 51 BEDFORD URBAN				N/A		9/30/2006	-	22,224	-	22,224	-
OPERATING ASSISTANCE - ACT 51 BEDFORD URBAN				N/A		9/30/2007	-	61,326	-	61,326	-
OPERATING ASSISTANCE - ACT 51 LETC COMBINED				N/A		9/30/2002	-	4,698	-	4,698	-
OPERATING ASSISTANCE - ACT 51 LETC COMBINED				N/A		9/30/2003	-	-	-	-	-
OPERATING ASSISTANCE - ACT 51 LETC COMBINED				N/A		9/30/2004	-	(7,076)	-	(7,076)	-
OPERATING ASSISTANCE - ACT 51 LETC COMBINED				N/A		9/30/2005	-	-	-	-	-
OPERATING ASSISTANCE - ACT 51 LETC COMBINED				N/A		9/30/2006	-	302,425	-	302,425	-
OPERATING ASSISTANCE - ACT 51 LETC COMBINED				N/A		9/30/2007	-	988,479	-	988,479	-
OPERATING ASSISTANCE - DODGE THE LODGE				N/A		2007-0294 Z5	83,804	81,826	-	81,826	1,978
ROYAL OAK TWP NEW SERVICES				N/A		9/30/2003	-	283	-	283	-
ROYAL OAK TWP NEW SERVICES				N/A		9/30/2004	-	(11,665)	-	(11,665)	-
ROYAL OAK TWP NEW SERVICES				N/A		9/30/2005	48,341	-	-	-	-
ROYAL OAK TWP NEW SERVICES				N/A		9/30/2006	48,641	12,164	-	12,164	-

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2007
(AUDITED)

SCHEDULE 2

FEDERAL GRANTOR/PASS THRU GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING
ROYAL OAK TWP NEW SERVICES				N/A		9/30/2007	49,799	37,350	-	37,350	12,449
SPECIALIZED SERVICES				N/A		2002-0088 Z31	691,746	172,941	-	172,941	-
SPECIALIZED SERVICES				N/A		2007-0294 Z1	787,819	590,866	-	590,866	196,953
TOTAL							1,710,150	33,600,676	-	33,600,676	211,380
TOTAL OPERATING ASSISTANCE							15,346,497	36,666,611	3,065,935	33,600,676	563,890
GRAND TOTAL - ALL ASSISTANCE							183,759,452	56,160,451	20,988,123	35,172,328	25,152,225

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
FEDERAL AND STATE AWARDS ONLY
FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 2A
FOR APPENDIX B

		Unaudited	Unaudited	Audited
FISCAL	FUNDING	07/01/06	10/01/06	
YEAR	SOURCE	09/30/06	06/30/07	Total
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Michigan Department of Transportation				
Local Bus Operating (Act 51)				
Urban		\$ 7,015,655	\$ 21,113,991	\$ 28,129,646
Municipal Credits		382,363	1,147,113	1,529,476
Municipal Credits (Special Appropriation)			1,529,480	1,529,480
Prior Year			156,016	156,016
Total Act 51		<u>7,398,018</u>	<u>23,946,600</u>	<u>31,344,618</u>
<hr/>				
Federal Transit Administration				
Section 5307	FY2005 MI-90-0465	-	485,651	485,651
Section 5307	FY2007 MI-90-0540	4,026,150	9,040,113	13,066,263
Section 5309	FY2005 MI-03-0220	-	633,751	633,751
Section 5309	FY2006 MI-04-0133	-	240,000	240,000
Total Preventive Maintenance		<u>4,026,150</u>	<u>10,399,515</u>	<u>14,425,665</u>
<hr/>				
CMAQ	FY2007 MI-95-0011	450,000	1,915,188	2,365,188
Total Federal		<u>4,476,150</u>	<u>12,314,703</u>	<u>16,790,853</u>
<hr/>				
Total		<u>\$ 11,874,168</u>	<u>\$ 36,261,303</u>	<u>\$ 48,135,471</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
FEDERAL AND STATE AWARDS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(UNAUDITED)

SCHEDULE 2B
FOR APPENDIX B

	FISCAL YEAR	FUNDING SOURCE	10/01/05 06/30/06	07/01/06 09/30/06	Total
Michigan Department of Transportation					
Local Bus Operating (Act 51)					
Urban			\$ 21,046,959	\$ 7,015,655	\$ 28,062,614
Municipal Credits			1,147,113	382,363	1,529,476
Municipal Credits (Special Appropriation)			1,529,480		1,529,480
Prior Year			228,529		228,529
Total Act 51			<u>23,952,081</u>	<u>7,398,018</u>	<u>31,350,099</u>
Federal Transit Administration					
Section 5307	FY2006	MI-90-0488	9,594,459	-	9,594,459
Section 5307	FY2007	MI-90-0540	-	4,026,150	4,026,150
Section 5309	FY2005	MI-03-0220	48,342	-	48,342
Section 5309	FY2006	MI-04-0133	1,251,718	-	1,251,718
Total Preventive Maintenance			<u>10,894,519</u>	<u>4,026,150</u>	<u>14,920,669</u>
CMAQ	FY2002	MI-90-0393	9,069	-	9,069
CMAQ	FY2006	MI-90-0515	1,736,138	-	1,736,138
CMAQ	FY2007	MI-95-0011	-	450,000	450,000
Total CMAQ			<u>1,745,207</u>	<u>450,000</u>	<u>2,195,207</u>
Total Federal			<u>12,639,726</u>	<u>4,476,150</u>	<u>17,115,876</u>
Total			<u>\$ 36,591,807</u>	<u>\$ 11,874,168</u>	<u>\$ 48,465,975</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING, PURCHASED OF SERVICE AND CONTRACT EXPENSES - URBAN
FOR THE PERIOD JULY 2005 - SEPTEMBER 2005
(UNAUDITED)

SCHEDULE 3

	SMART DIRECTLY OPERATED	MT. CLEMENS	HARPER WOODS	REDFORD	NANKIN	COMMUNITY BASED	SUB-TOTAL POS ONLY	COMBINED SMART URBAN Total	UNAUDITED ROYAL OAK
OPERATING EXPENSES:									
Labor	\$ 9,918,687	\$ 65,532	\$ 40,969	\$ 45,927	\$ 120,880	\$ 706,288	\$ 979,596	\$ 10,898,283	\$ 17,358
Fringe Benefits	5,529,358	30,433	8,122	29,953	45,043	98,496	212,047	5,741,405	3,675
Pension	-	-	-	-	-	-	-	-	-
Audit Costs	-	-	-	-	-	900	900	900	-
Services	1,153,336	584	1,477	6,527	26,783	26,444	61,815	1,215,151	2,231
Materials and Supplies	3,369,071	12,945	7,111	8,678	32,054	121,569	182,357	3,551,428	6,074
Utilities	563,360	1,459	-	84	941	11,103	13,587	576,947	728
Casualty and Liab. Costs	1,559,221	-	1,014	-	13,890	52,891	67,795	1,627,016	1,342
Purchased Transportation						60,290	60,290	60,290	
Pass-Thru that are Expensed							-	-	
Nankin Subsidy	65,879	-	-	-	-	-	-	65,879	
Lake Erie	405,156	-	-	-	-	-	-	405,156	
Muni.Cr. - Formula	382,339	-	-	-	-	-	-	382,339	
Muni.Cr. - Line-Item	382,400	-	-	-	-	-	-	382,400	
Comm.Cr.	769,419	-	-	-	-	-	-	769,419	
Other State Subsidized Serv.							-	-	
Specialized Services	166,609	-	-	-	-	-	-	166,609	
Royal Oak	10,482	-	-	-	-	-	-	10,482	
Rideshare	23,652	-	-	-	-	-	-	23,652	
NOTA	4,758	-	-	-	-	-	-	4,758	
CBS Bloomfield Hills/Township Livonia	(607)	-	-	-	-	-	-	(607)	
Total Purchased Transportation	2,210,087	-	-	-	-	60,290	60,290	2,270,377	-
Miscellaneous	86,500	213	652	-	6,117	21,671	28,653	115,153	-
Interest	627,288	-	-	-	-	-	-	627,288	
Leases and Rentals					1,266	9,953	11,219	11,219	
Overruns	-	-	-	-	-	-	-	-	
Gain or Loss on Retirement of Assets	-	-	-	-	-	-	-	-	
Depreciation	1,606,425	-	-	-	-	8,857	8,857	1,615,282	
Total Operating Expenses:	\$ 26,623,333	\$ 111,166	\$ 59,345	\$ 91,169	\$ 246,974	\$ 1,118,462	\$ 1,627,116	\$ 28,250,449	\$ 31,408
Less Ineligible Expenses									

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING, PURCHASED OF SERVICE AND CONTRACT EXPENSES - URBAN
FOR THE PERIOD JULY 2005 - SEPTEMBER 2005
(UNAUDITED)

SCHEDULE 3

		SMART						SUB-TOTAL	COMBINED	
		DIRECTLY	MT.	HARPER		COMMUNITY		POS	SMART	UNAUDITED
OPERATING EXPENSES:		<u>OPERATED</u>	<u>CLEMENS</u>	<u>WOODS</u>	<u>REDFORD</u>	<u>NANKIN</u>	<u>BASED</u>	<u>ONLY</u>	<u>Total</u>	<u>ROYAL OAK</u>
Pass-Thru that are Expensed										
Nankin Subsidy		65,879	-	-	-	-	-	-	65,879	
Lake Erie		405,156	-	-	-	-	-	-	405,156	
Muni.Cr. - Formula		50,486	-	-	-	-	228,133	228,133	278,619	
Muni.Cr. - Line-Item		382,370	-	-	-	-	-	-	382,370	
Comm.Cr.		78,918	-	-	-	-	35,639	35,639	114,557	
Other State Subsidized Services		-	-	-	-	-	-	-	-	
Specialized Services		166,609	-	-	-	-	7,863	7,863	174,472	
Royal Oak		10,482	-	-	-	-	-	-	10,482	
Rideshare		23,652	-	-	-	-	-	-	23,652	
Darta		-	-	-	-	-	-	-	-	
NOTA		4,758	-	-	-	-	-	-	4,758	
CBS Bloomfield Hills/Township Livonia		-	-	-	-	-	-	-	-	
Pass-Thru Ineligibles		\$ 1,188,310	\$ -	\$ -	\$ -	\$ -	\$ 271,635	\$ 271,635	\$ 1,459,945	\$ -
Net Expenses Before Ineligibles		\$ 25,435,023	\$ 111,166	\$ 59,345	\$ 91,169	\$ 246,974	\$ 846,827	\$ 1,355,481	\$ 26,790,504	\$ 31,408
Federal Planning Grants	FY2006 UWP	59,715	-	-	-	-	-	-	59,715	
Federal Preventive Maintenance Section 5307	MI-90-0305	1	-	-	-	-	-	-	1	
Federal Preventive Maintenance Section 5309	MI-03-0220	-	-	-	-	-	-	-	-	
Federal Preventive Maintenance Section 5309	MI-04-0133	417,240	-	-	-	-	-	-	417,240	
Federal Preventive Maintenance Section 5307	MI-90-0488	2,478,308	-	-	-	-	-	-	2,478,308	
Federal Preventive Maintenance Section 5307	MI-90-0540	-	-	-	-	-	-	-	-	
OTHER 4C FEDERAL GRANT	MI-03-0136	175,993	-	-	-	-	-	-	175,993	
OTHER ACCESS TO JOBS EASTSIDE COMM	MI-37-X014	-	-	-	-	-	-	-	-	
State Preventive Maintenance	98-0672	-	-	-	-	-	-	-	-	
State Preventive Maintenance	2002-0088 Z4	-	-	-	-	-	-	-	-	
OTHER 4C STATE GRANT	95-0320	6,043	-	-	-	-	-	-	6,043	
CMAQ (80% Ineligible)	MI-90-0393	-	-	-	-	-	-	-	-	
CMAQ (80% Ineligible)	MI-90-0515	677,751	-	-	-	-	-	-	677,751	
Garnishments, Trolley, Adv.,Etc.		1,279	-	-	-	-	-	-	1,279	

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
 OPERATING, PURCHASED OF SERVICE AND CONTRACT EXPENSES - URBAN
 FOR THE PERIOD JULY 2005 - SEPTEMBER 2005
 (UNAUDITED)

SCHEDULE 3

	SMART DIRECTLY <u>OPERATED</u>	MT. <u>CLEMENS</u>	HARPER <u>WOODS</u>	<u>REDFORD</u>	<u>NANKIN</u>	COMMUNITY <u>BASED</u>	SUB-TOTAL POS <u>ONLY</u>	COMBINED SMART URBAN <u>Total</u>	UNAUDITED ROYAL <u>OAK</u>
OPERATING EXPENSES:									
Depreciation	-	-	-	-	-	-	-	-	-
MPTA Dues (7.05% INELIG.)	-	-	-	-	-	-	-	-	-
Internal Service Fund Expense-Revenue	-	-	-	-	-	-	-	-	-
Gain or Loss Sale of Assets/Overruns	-	-	-	-	-	-	-	-	-
Total Ineligible Cost	3,816,330	-	-	-	-	-	-	3,816,330	-
Total Eligible Expenses:	\$ 21,618,693	\$ 111,166	\$ 59,345	\$ 91,169	\$ 246,974	\$ 846,827	\$ 1,355,481	\$ 22,974,174	\$ 31,408

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING, PURCHASED OF SERVICE AND CONTRACT EXPENSES - URBAN
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 3

	AUDITED SMART DIRECTLY OPERATED	UNAUDITED MT. CLEMENS	UNAUDITED HARPER WOODS	UNAUDITED REDFORD	UNAUDITED NANKIN	UNAUDITED COMMUNITY BASED	UNAUDITED SUB-TOTAL POS ONLY	UNAUDITED COMBINED SMART URBAN Total	UNAUDITED ROYAL OAK
OPERATING EXPENSES:									
Labor	\$ 42,171,839	\$ 247,745	\$ 223,456	\$ 165,230	\$ 463,778	\$ 1,714,948	\$ 2,815,157	\$ 44,986,996	\$ 79,692
Fringe Benefits	23,511,680	123,493	31,733	123,294	279,444	241,037	799,001	24,310,681	14,843
Pension	-	-	-	-	-	-	-	-	-
Audit Costs	-	-	-	-	-	3,790	3,790	3,790	-
Services	4,908,154	4,457	3,912	11,561	32,637	53,982	106,549	5,014,703	9,336
Materials and Supplies	14,322,236	91,278	30,664	52,076	118,305	298,688	591,011	14,913,247	23,413
Utilities	2,391,262	13,384	-	622	3,873	48,325	66,204	2,457,466	2,182
Casualty and Liab. Costs	6,627,282	10,000	6,531	8,000	55,560	127,680	207,771	6,835,053	5,647
Purchased Transportation						102,211	102,211	102,211	
Pass-Thru that are Expensed							-	-	
Nankin Subsidy	273,000	-	-	-	-	-	-	273,000	
Lake Erie	1,786,665	-	-	-	-	-	-	1,786,665	
Muni.Cr. - Formula	1,529,476	-	-	-	-	-	-	1,529,476	
Muni.Cr. - Line-Item	1,529,480	-	-	-	-	-	-	1,529,480	
Comm.Cr.	3,077,689	-	-	-	-	-	-	3,077,689	
Other State Subsidized Serv.							-	-	
Specialized Services	685,414	-	-	-	-	-	-	685,414	
Royal Oak	52,602	-	-	-	-	-	-	52,602	
Rideshare	94,500	-	-	-	-	-	-	94,500	
NOTA FEDERAL & STATE	302,112	-	-	-	-	-	-	302,112	
CBS Bloomfield Hills/Township Livonia	289,838	-	-	-	-	-	-	289,838	
Total Purchased Transportation	9,620,776	-	-	-	-	102,211	102,211	9,722,987	-
Miscellaneous	370,891	-	3,475	-	9,296	71,795	84,566	455,457	5,504
Interest	2,509,152	-	-	-	-	-	-	2,509,152	
Leases and Rentals				2,000	15,000	23,649	40,649	40,649	
Overruns	3,574	-	-	-	-	-	-	3,574	
Gain or Loss on Retirement of Assets	23,250	-	-	-	-	-	-	23,250	
Depreciation	13,535,066	-	-	-	-	43,986	43,986	13,579,052	
Total Operating Expenses:	\$ 119,995,162	\$ 490,357	\$ 299,771	\$ 362,783	\$ 977,893	\$ 2,730,091	\$ 4,860,895	\$ 124,856,057	\$ 140,617

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING, PURCHASED OF SERVICE AND CONTRACT EXPENSES - URBAN
FOR THE YEAR ENDED JUNE 30, 2006

SCHEDULE 3

		AUDITED		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		SMART		MT.	HARPER	REDFORD	NANKIN	COMMUNITY	SUB-TOTAL	COMBINED	
		DIRECTLY			WOODS			BASED	POS	SMART	UNAUDITED
		<u>OPERATED</u>		<u>CLEMENS</u>	<u>WOODS</u>	<u>REDFORD</u>	<u>NANKIN</u>	<u>BASED</u>	<u>ONLY</u>	<u>Urban</u>	<u>ROYAL</u>
										<u>Total</u>	<u>OAK</u>
OPERATING EXPENSES:											
Less Ineligible Expenses											
Pass-Thru that are Expensed											
Nankin Subsidy		\$ 273,000	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273,000	
Lake Erie		1,786,665		-	-	-	-	-	-	1,786,665	
Muni.Cr. - Formula		201,937		-	-	-	-	765,802	765,802	967,739	
Muni.Cr. - Line-Item		1,529,480		-	-	-	-	-	-	1,529,480	
Comm.Cr.		315,668		-	-	-	-	47,983	47,983	363,651	
Other State Subsidized Services		-		-	-	-	-	-	-	-	
Specialized Services		685,414		12,023	-	7,086	-	7,863	26,972	712,386	
Royal Oak		52,602		-	-	-	-	-	-	52,602	
Rideshare		94,500		-	-	-	-	-	-	94,500	
Darta		5,250		-	-	-	-	-	-	5,250	
NOTA		302,112		-	-	-	-	-	-	302,112	
CBS Bloomfield Hills/Township Livonia		-		-	-	-	-	-	-	-	
Pass-Thru Ineligibles		<u>\$ 5,246,628</u>	<u>\$</u>	<u>12,023</u>	<u>\$ -</u>	<u>\$ 7,086</u>	<u>\$ -</u>	<u>\$ 821,648</u>	<u>\$ 840,757</u>	<u>\$ 6,087,385</u>	<u>\$ -</u>
Net Expenses Before Ineligibles		\$ 114,748,534	\$	478,334	\$ 299,771	\$ 355,697	\$ 977,893	\$ 1,908,443	\$ 4,020,138	\$ 118,768,672	\$ 140,617
Federal Planning Grants	FY2006 UWP	305,470		-	-	-	-	-	-	305,470	
Federal Preventive Maintenance Section 5307	MI-90-0305	1		-	-	-	-	-	-	1	
Federal Preventive Maintenance Section 5309	MI-03-0220	48,342		-	-	-	-	-	-	48,342	
Federal Preventive Maintenance Section 5309	MI-04-0133	1,668,958		-	-	-	-	-	-	1,668,958	
Federal Preventive Maintenance Section 5307	MI-90-0488	12,072,767		-	-	-	-	-	-	12,072,767	
Federal Preventive Maintenance Section 5307	MI-90-0540	-		-	-	-	-	-	-	-	
OTHER 4C FEDERAL GRANT	MI-03-0136	175,993		-	-	-	-	-	-	175,993	
OTHER ACCESS TO JOBS EASTSIDE COMM SER	MI-37-X014	293,550		-	-	-	-	-	-	293,550	
State Preventive Maintenance	98-0672	4,688		-	-	-	-	-	-	4,688	
State Preventive Maintenance	2002-0088 Z4	1		-	-	-	-	-	-	1	
OTHER 4C STATE GRANT	95-0320	6,043		-	-	-	-	-	-	6,043	
CMAQ (80% Ineligible)	MI-90-0393	9,069		-	-	-	-	-	-	9,069	
CMAQ (80% Ineligible)	MI-90-0515	2,413,889		-	-	-	-	-	-	2,413,889	
Garnishments, Trolley, Adv., Etc.		5,959		-	-	-	-	-	-	5,959	
Depreciation		7,180,232		-	-	-	-	-	-	7,180,232	
MPTA Dues (7.05% INELIG.)		2,263		-	-	-	-	-	-	2,263	
Internal Service Fund Expense-Revenue		-		-	-	-	-	-	-	-	
Gain or Loss Sale of Assets/Overruns		26,824		-	-	-	-	-	-	26,824	
Total Ineligible Cost		<u>24,214,049</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,214,049</u>	
Total Eligible Expenses:		<u>\$ 90,534,485</u>	<u>\$</u>	<u>478,334</u>	<u>\$ 299,771</u>	<u>\$ 355,697</u>	<u>\$ 977,893</u>	<u>\$ 1,908,443</u>	<u>\$ 4,020,138</u>	<u>\$ 94,554,623</u>	<u>\$ 140,617</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING, PURCHASED OF SERVICE AND CONTRACT EXPENSES - URBAN
FOR THE PERIOD JULY 1, 2006-SEPTEMBER 30, 2006
(UNAUDITED)

SCHEDULE 3

	SMART DIRECTLY OPERATED	MT. CLEMENS	HARPER WOODS	REDFORD	NANKIN	COMMUNITY BASED	SUB-TOTAL POS ONLY	COMBINED SMART URBAN Total	UNAUDITED ROYAL OAK
OPERATING EXPENSES:									
Labor	\$ 10,333,848	\$ 57,135	\$ 46,365	\$ 43,560	\$ 108,109	\$ 414,539	\$ 669,708	\$ 11,003,556	\$ 19,827
Fringe Benefits	6,141,151	35,583	7,783	32,770	72,442	66,465	215,043	6,356,194	2,917
Pension	-	-	-	-	-	-	-	-	-
Audit Costs	39,908	-	-	-	-	400	400	40,308	-
Services	1,326,357	2,206	1,398	947	8,792	18,700	32,043	1,358,400	2,764
Materials and Supplies	3,577,643	2,238	5,304	5,945	15,162	84,613	113,262	3,690,905	7,451
Utilities	610,359	1,666	-	107	995	12,076	14,844	625,203	1,154
Casualty and Liab. Costs	1,347,485	2,500	1,250	-	13,890	27,113	44,753	1,392,238	1,852
Purchased Transportation						14,484	14,484	14,484	-
Pass-Thru that are Expensed							-	-	-
Nankin Subsidy	68,250	-	-	-	-	-	-	68,250	-
Lake Erie	439,069	-	-	-	-	-	-	439,069	-
Muni.Cr. - Formula	382,363	-	-	-	-	-	-	382,363	-
Muni.Cr. - Line-Item	382,400	-	-	-	-	-	-	382,400	-
Comm.Cr.	772,944	-	-	-	-	-	-	772,944	-
Other State Subsidized Serv.							-	-	-
Specialized Services	172,941	-	-	-	-	-	-	172,941	-
Royal Oak	12,447	-	-	-	-	-	-	12,447	-
Rideshare	23,625	-	-	-	-	-	-	23,625	-
RTCC Revenue	-	-	-	-	-	-	-	-	-
CBS Bloomfield Hills/Township Livonia	180	-	-	-	-	-	-	180	-
Total Purchased Transportation	2,254,219	-	-	-	-	14,484	14,484	2,268,703	-
Miscellaneous	98,596	326	586	1,180	5,607	8,669	16,368	114,964	199
Interest	454,530	-	-	-	-	-	-	454,530	-
Leases and Rentals	-	-	-	-	1,481	8,303	9,784	9,784	-
Overruns	-	-	-	-	-	-	-	-	-
Gain or Loss on Retirement of Assets	-	-	-	-	-	-	-	-	-
Depreciation	1,585,800	-	-	-	-	11,857	11,857	1,597,657	-
Total Operating Expenses:	\$ 27,769,896	\$ 101,654	\$ 62,686	\$ 84,509	\$ 226,478	\$ 667,219	\$ 1,142,546	\$ 28,912,442	\$ 36,164

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING, PURCHASED OF SERVICE AND CONTRACT EXPENSES - URBAN
FOR THE PERIOD JULY 1, 2006-SEPTEMBER 30, 2006
(UNAUDITED)

SCHEDULE 3

		SMART DIRECTLY OPERATED	MT. CLEMENS	HARPER WOODS	REDFORD	NANKIN	COMMUNITY BASED	SUB-TOTAL POS ONLY	COMBINED SMART URBAN Total	UNAUDITED ROYAL OAK
OPERATING EXPENSES:										
Less Ineligible Expenses										
Pass-Thru that are Expensed										
Nankin Subsidy		68,250	-	-	-	-	-	-	68,250	
Lake Erie		439,069	-	-	-	-	-	-	439,069	
Muni.Cr. - Formula		71,925	-	-	-	-	136,675	136,675	208,600	
Muni.Cr. - Line-Item		382,370	-	-	-	-	-	-	382,370	
Comm.Cr.		82,429	-	-	-	-	138,715	138,715	221,144	
Other State Subsidized Services								-	-	
Specialized Services		172,941	-	-	-	-	4,820	4,820	177,761	
Royal Oak		12,447	-	-	-	-	-	-	12,447	
Rideshare		23,625	-	-	-	-	-	-	23,625	
RTCC Revenue		-	-	-	-	-	-	-	-	
NOTA		-	-	-	-	-	-	-	-	
CBS Bloomfield Hills/Township Livonia		-	-	-	-	-	-	-	-	
Pass-Thru Ineligibles		1,253,056	-	-	-	-	280,210	280,210	1,533,266	-
Net Expenses Before Ineligibles		26,516,840	101,654	62,686	84,509	226,478	387,009	862,336	27,379,176	36,164
Federal Planning Grants	FY2007 UWP	68,849	-	-	-	-	-	-	68,849	
Federal Preventive Maintenance Section 5307	MI-90-0465	-	-	-	-	-	-	-	-	
Federal Preventive Maintenance Section 5309	MI-03-0220	-	-	-	-	-	-	-	-	
Federal Preventive Maintenance Section 5309	MI-04-0133	-	-	-	-	-	-	-	-	
Federal Preventive Maintenance Section 5307	MI-90-0540	4,026,150	-	-	-	-	-	-	4,026,150	
State Grant (Dodge the Lodge)	2007-0294 Z5	-	-	-	-	-	-	-	-	
CMAQ (80% Ineligible)	MI-95-0011	450,000	-	-	-	-	-	-	450,000	
Garnishments, Trolley, Adv.,Etc.		-	-	-	-	-	-	-	-	
Depreciation		-	-	-	-	-	-	-	-	
MPTA Dues (7.05% INELIG.)		1,858	-	-	-	-	-	-	1,858	
Internal Service Fund Expense-Revenue		-	-	-	-	-	-	-	-	
Gain or Loss Sale of Assets/Overruns		-	-	-	-	-	-	-	-	
Total Ineligible Cost		4,546,857	-	-	-	-	-	-	4,546,857	-
Total Eligible Expenses:		\$ 21,969,983	\$ 101,654	\$ 62,686	\$ 84,509	\$ 226,478	\$ 387,009	\$ 862,336	\$ 22,832,319	\$ 36,164

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING, PURCHASED OF SERVICE AND CONTRACT EXPENSES - URBAN
FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 3

	AUDITED		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	SMART	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	DIRECTLY	MT.	HARPER	REDFORD	NANKIN	COMMUNITY	SUB-TOAL	COMBINED	SMART	UNAUDITED
	OPERATED	CLEMENS	WOODS	REDFORD	NANKIN	BASED	POS	SMART	URBAN	ROYAL
							Only	Total		OAK
OPERATING EXPENSES:										
Labor	\$ 41,659,629	\$ 303,223	\$ 217,659	\$ 171,030	\$ 403,864	\$ 1,468,929	\$ 2,564,705	\$ 44,224,334	\$ 81,307	
Fringe Benefits	24,702,482	125,103	32,500	134,778	257,076	240,498	789,955	25,492,437	15,617	
Pension							-	-		
Audit Costs	159,843					3,100	3,100	162,943		
Services	5,351,178	2,602	2,610	9,909	32,050	56,413	103,584	5,454,762	12,172	
Materials and Supplies	14,423,243	46,430	21,184	27,210	51,669	332,415	478,908	14,902,151	25,795	
Utilities	2,464,052	15,861		525	3,931	36,724	57,041	2,521,093	8,297	
Casualty and Liab. Costs	5,435,414	10,000	5,417	8,000	55,560	127,383	206,360	5,641,774	9,430	
Purchased Transportation						64,748	64,748	64,748		
Pass-Thru that are Expensed							-	-		
Nankin Subsidy	273,000						-	273,000		
Lake Erie	2,073,040						-	2,073,040		
Muni.Cr. - Formula	1,529,476						-	1,529,476		
Muni.Cr. - Line-Item	1,529,480						-	1,529,480		
Comm.Cr.	3,089,149						-	3,089,149		
Other State Subsidized Serv.							-	-		
Specialized Services	763,807						-	763,807		
Royal Oak	38,132						-	38,132		
Rideshare	-						-	-		
RTCC Revenue	128,855						-	128,855		
CBS Bloomfield Hills/Township Livonia	(82,733)						-	(82,733)		
Total Purchased Transportation	9,342,206	-	-	-	-	64,748	64,748	9,406,954	-	
Miscellaneous	397,664	31,478	5,005	8,354	10,930	46,261	102,028	499,692	3,120	
Interest	1,472,849						-	1,472,849		
Leases and Rentals					15,000	19,936	34,936	34,936		
Overruns	6,163						-	6,163		
Gain or Loss on Retirement of Assets	(85,227)						-	(85,227)		
Depreciation	13,407,520					33,137	33,137	13,440,657		
Total Operating Expenses:	\$ 118,737,016	\$ 534,697	\$ 284,375	\$ 359,806	\$ 830,080	\$ 2,429,544	\$ 4,438,502	\$ 123,175,518	\$ 155,738	

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING, PURCHASED OF SERVICE AND CONTRACT EXPENSES - URBAN
FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE 3

		AUDITED						UNAUDITED	UNAUDITED	
		SMART	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	SUB-TOAL	COMBINED	
		DIRECTLY	MT.	HARPER	REDFORD	NANKIN	COMMUNITY	POS	SMART	UNAUDITED
		OPERATED	CLEMENS	WOODS			BASED	Only	URBAN	ROYAL
									Total	OAK
OPERATING EXPENSES:										
Less Ineligible Expenses										
Pass-Thru that are Expensed										
Nankin Subsidy		\$ 273,000						\$ -	\$ 273,000	
Lake Erie		2,073,040						-	2,073,040	
Muni.Cr. - Formula		287,692					632,749	632,749	920,441	
Muni.Cr. - Line-Item		1,529,480						-	1,529,480	
Comm.Cr.		329,713					361,840	361,840	691,553	
Other State Subsidized Services								-	-	
Specialized Services		763,807	13,398		6,198		26,377	45,973	809,780	
Royal Oak		38,132						-	38,132	
RTCC Revenue		128,855						-	128,855	
CBS Bloomfield Hills/Township Livonia		-						-	-	
Pass-Thru Ineligibles		\$ 5,423,719	\$ 13,398	\$ -	\$ 6,198	\$ -	\$ 1,020,966	\$ 1,040,562	\$ 6,464,281	\$ -
Net Expenses Before Ineligibles		113,313,297	521,299	284,375	353,608	830,080	1,408,578	3,397,940	116,711,237	155,738
Federal Planning Grants	FY2007 UWP	305,491	-					-	305,491	
Federal Preventive Maintenance Section 5307	MI-90-0465	485,651	-					-	485,651	
Federal Preventive Maintenance Section 5309	MI-03-0220	633,751	-					-	633,751	
Federal Preventive Maintenance Section 5309	MI-04-0133	240,000	-					-	240,000	
Federal Preventive Maintenance Section 5307	MI-90-0540	13,066,263	-					-	13,066,263	
State Grant (Dodge the Lodge)	2007-0294 Z5	81,826	-					-	81,826	
CMAQ (80% Ineligible)	MI-95-0011	2,365,188	-					-	2,365,188	
Garnishments, Trolley, Adv.,Etc.		14,095	-					-	14,095	
Depreciation		7,062,407	-					-	7,062,407	
MPTA Dues (7.05% INELIG.)		2,380	-					-	2,380	
Internal Service Fund Expense-Revenue		-	-					-	-	
Gain or Loss Sale of Assets/Overruns		(79,064)	-					-	(79,064)	
Total Ineligible Cost		24,177,988	-	-	-	-	-	-	24,177,988	-
Total Eligible Expenses:		\$ 89,135,309	\$ 521,299	\$ 284,375	\$ 353,608	\$ 830,080	\$ 1,408,578	\$ 3,397,940	\$ 92,533,249	\$ 155,738

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
 OPERATING EXPENSES BY OAR
 FOR THE YEAR ENDED JUNE 30, 2007
 (UNAUDITED)

SCHEDULE 3

OPERATING EXPENSES:	<u>SMART URBAN</u>	<u>ROYAL OAK</u>
Labor	\$ 44,224,334	\$ 81,307
Fringe Benefits	25,492,437	15,617
Pension	-	-
Audit Costs	162,943	-
Services	5,454,762	12,172
Materials and Supplies	14,902,151	25,795
Utilities	2,521,093	8,297
Casualty and Liab. Costs	5,641,774	9,430
Purchased Transportation	64,748	-
Pass-Thru that are Expensed		
Nankin Subsidy	273,000	-
Lake Erie	2,073,040	-
Muni.Cr. - Formula	1,529,476	-
Muni.Cr. - Line-Item	1,529,480	-
Comm.Cr.	3,089,149	-
Other State Subsidized Serv.		
Specialized Services	763,807	-
Royal Oak	38,132	-
Rideshare	-	-
RTCC Revenue	128,855	-
CBS Bloomfield Hills/Township Livonia	(82,733)	-
Total Purchased Transportation	<u>9,406,954</u>	<u>-</u>
Miscellaneous	499,692	3,120
Interest	1,472,849	-
Leases and Rentals	34,936	-
Overruns	6,163	-
Gain or Loss on Retirement of Assets	(85,227)	-
Depreciation	13,440,657	-
Total Operating Expenses:	<u>\$ 123,175,518</u>	<u>\$ 155,738</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
 OPERATING EXPENSES BY OAR
 FOR THE YEAR ENDED JUNE 30, 2007
 (UNAUDITED)

SCHEDULE 3

OPERATING EXPENSES:	<u>SMART URBAN</u>	<u>ROYAL OAK</u>
Less Ineligible Expenses		
Pass-Thru that are Expensed		
Nankin Subsidy	\$ 273,000	\$ -
Lake Erie	2,073,040	-
Muni.Cr. - Formula	920,441	-
Muni.Cr. - Line-Item	1,529,480	-
Comm.Cr.	691,553	-
Other State Subsidized Services		
Specialized Services	809,780	-
Royal Oak	38,132	-
RTCC Revenue	128,855	-
CBS Bloomfield Hills/Township Livonia	-	-
Pass-Thru Ineligibles	<u>\$ 6,464,281</u>	<u>\$ -</u>
Net Expenses Before Ineligibles	\$ 116,711,237	\$ 155,738
Federal Planning Grants	FY2007 UWP 305,491	-
Federal Preventive Maintenance Section 5307	MI-90-0465 485,651	-
Federal Preventive Maintenance Section 5309	MI-03-0220 633,751	-
Federal Preventive Maintenance Section 5309	MI-04-0133 240,000	-
Federal Preventive Maintenance Section 5307	MI-90-0540 13,066,263	-
State Grant (Dodge the Lodge)	2007-0294 Z5 81,826	-
CMAQ (80% Ineligible)	MI-95-0011 2,365,188	-
Garnishments, Trolley, Adv.,Etc.	14,095	-
Depreciation	7,062,407	-
MPTA Dues (7.05% INELIG.)	2,380	-
Gain or Loss Sale of Assets/Overruns	(79,064)	-
Total Ineligible Cost	<u>24,177,988</u>	<u>-</u>
Total Eligible Expenses:	<u>\$ 92,533,249</u>	<u>\$ 155,738</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING EXPENSES BY OAR
NET DUPLICATE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

SCHEDULE 3

OPERATING EXPENSES:	<u>SMART URBAN</u>	<u>ROYAL OAK</u>
Labor	\$ 44,224,334	\$ 81,307
Fringe Benefits	25,492,437	15,617
Pension	-	-
Audit Costs	162,943	-
Services	5,454,762	12,172
Materials and Supplies	14,902,151	25,795
Utilities	2,521,093	8,297
Casualty and Liab. Costs	5,641,774	9,430
Purchased Transportation	64,748	-
Pass-Thru that are Expensed		
— Nankin Subsidy	— 273,000	—
— Lake Erie	— 2,073,040	—
Muni.Cr. - Formula	1,529,476	-
— Muni.Cr. - Line Item	— 1,529,480	—
Comm.Cr.	3,089,149	-
Other State Subsidized Serv.		
— Specialized Services	763,807	-
— Royal Oak	— 38,132	—
— Rideshare	—	—
— RTCC Revenue	— 128,855	—
CBS Bloomfield Hills/Township Livonia	(82,733)	-
Total Purchased Transportation	<u>9,406,954</u>	<u>-</u>
Miscellaneous	499,692	3,120
Interest	1,472,849	-
Leases and Rentals	34,936	-
Overruns	6,163	-
Gain or Loss on Retirement of Assets	(85,227)	-
Depreciation	13,440,657	-
Total Operating Expenses:	<u>\$ 123,175,518</u>	<u>\$ 155,738</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
 OPERATING EXPENSES BY OAR
 NET DUPLICATE EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2007
 (UNAUDITED)

SCHEDULE 3

OPERATING EXPENSES:	<u>SMART URBAN</u>	<u>ROYAL OAK</u>
Less Ineligible Expenses		
Pass-Thru that are Expensed		
Nankin Subsidy	273,000	_____
Lake Erie	2,073,040	_____
Muni.Cr. - Formula	920,441	-
Muni.Cr. - Line Item	1,529,480	_____
Comm.Cr.	691,553	-
Other State Subsidized Services		
Specialized Services	809,780	_____
Royal Oak	38,132	_____
RTCC Revenue	128,855	_____
CBS Bloomfield Hills/Township Livonia	-	-
Pass Thru Ineligible	<u>\$ 6,464,281</u>	<u>\$ -</u>
Net Expenses Before Ineligibles	\$ 116,711,237	\$ 155,738
Federal Planning Grants	FY2007 UWP 305,491	-
Federal Preventive Maintenance Section 5307	MI-90-0465 485,651	-
Federal Preventive Maintenance Section 5309	MI-03-0220 633,751	-
Federal Preventive Maintenance Section 5309	MI-04-0133 240,000	-
Federal Preventive Maintenance Section 5307	MI-90-0540 13,066,263	-
State Grant (Dodge the Lodge)	2007-0294 Z5 81,826	-
CMAQ (80% Ineligible)	MI-95-0011 2,365,188	-
Garnishments, Trolley, Adv., Etc.	14,095	-
Depreciation	7,062,407	-
MPTA Dues (7.05% INELIG.)	2,380	-
Gain or Loss Sale of Assets/Overruns	(79,064)	-
Total Ineligible Cost	<u>24,177,988</u>	<u>-</u>
Total Eligible Expenses:	<u>\$ 92,533,249</u>	<u>\$ 155,738</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
 OPERATING EXPENSES BY OAR
 NET OF DUPLICATE EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2007
 (UNAUDITED)

SCHEDULE 3

OPERATING EXPENSES:	<u>SMART URBAN</u>	<u>ROYAL OAK</u>
Labor	\$ 44,224,334	\$ 81,307
Fringe Benefits	25,492,437	15,617
Pension	-	-
Audit Costs	162,943	-
Services	5,454,762	12,172
Materials and Supplies	14,902,151	25,795
Utilities	2,521,093	8,297
Casualty and Liab. Costs	5,641,774	9,430
Purchased Transportation	64,748	-
Pass-Thru that are Expensed		
Muni.Cr. - Formula	1,529,476	-
Comm.Cr.	3,089,149	-
Other State Subsidized Serv.		
CBS Bloomfield Hills/Township Livonia	(82,733)	-
Total Purchased Transportation	<u>4,600,640</u>	<u>-</u>
Miscellaneous	499,692	3,120
Interest	1,472,849	-
Leases and Rentals	34,936	-
Overruns	6,163	-
Gain or Loss on Retirement of Assets	(85,227)	-
Depreciation	13,440,657	-
Total Operating Expenses:	<u>\$ 118,369,204</u>	<u>\$ 155,738</u>
Less Ineligible Expenses		
Pass-Thru that are Expensed		
Muni.Cr. - Formula	920,441	-
Comm.Cr.	691,553	-
Other State Subsidized Services		
Specialized Services	45,973	-
CBS Bloomfield Hills/Township Livonia	-	-
Pass Thru Ineligible	<u>\$ 1,657,967</u>	<u>\$ -</u>
Net Expenses Before Ineligibles	\$ 116,711,237	\$ -
Federal Planning Grants	305,491	-
Federal Preventive Maintenance Section 5307	485,651	-
Federal Preventive Maintenance Section 5309	633,751	-
Federal Preventive Maintenance Section 5309	240,000	-
Federal Preventive Maintenance Section 5307	13,066,263	-
State Grant (Dodge the Lodge)	81,826	-
CMAQ (80% Ineligible)	2,365,188	-
Garnishments, Trolley, Adv.,Etc.	14,095	-
Depreciation	7,062,407	-
MPTA Dues (7.05% INELIG.)	2,380	-
Gain or Loss Sale of Assets/Overruns	(79,064)	-
Other Ineligible	<u>24,177,988</u>	<u>-</u>
Total Ineligible Cost	<u>25,835,955</u>	<u>-</u>
Total Eligible Expenses:	<u>\$ 92,533,249</u>	<u>\$ 155,738</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION SCHEDULE 3
OPERATING EXPENSES FOR SMART URBAN SPLIT BETWEEN DIFFERENT FISCAL YEARS
NET DUPLICATE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006
(UNAUDITED)

	Jul.1.2005	Oct.1.2005	COMBINED
OPERATING EXPENSES:	<u>Sept.30.2005</u>	<u>Jun.30.2006</u>	<u>SMART</u>
			<u>URBAN</u>
Labor	\$ 10,898,283	\$ 34,088,713	\$ 44,986,996
Fringe Benefits	5,741,405	18,569,276	24,310,681
Pension	-	-	-
Audit Costs	900	2,890	3,790
Services	1,215,151	3,799,552	5,014,703
Materials and Supplies	3,551,428	11,361,819	14,913,247
Utilities	576,947	1,880,519	2,457,466
Casualty and Liab. Costs	1,627,016	5,208,037	6,835,053
Purchased Transportation	60,290	41,921	102,211
Pass-Thru that are Expensed			-
Nankin Subsidy	65,879	207,121	273,000
Lake Erie	405,156	1,381,509	1,786,665
Muni.Cr. - Formula	382,339	1,147,137	1,529,476
Muni.Cr. - Line-Item	382,400	1,147,080	1,529,480
Comm.Cr.	769,419	2,308,270	3,077,689
Other State Subsidized Serv.			
Specialized Services	166,609	518,805	685,414
Royal Oak	10,482	42,120	52,602
Rideshare	23,652	70,848	94,500
NOTA	4,758	297,354	302,112
CBS Bloomfield Hills/Township Livonia	(607)	290,445	289,838
Total Purchased Transportation	<u>2,270,377</u>	<u>7,452,610</u>	<u>9,722,987</u>
Miscellaneous	115,153	340,304	455,457
Interest	627,288	1,881,864	2,509,152
Leases and Rentals	11,219	29,430	40,649
Overruns	-	-	-
Gain or Loss on Retirement of Assets	-	26,824	26,824
Depreciation	1,615,282	11,963,770	13,579,052
Total Operating Expenses:	<u>\$ 28,250,449</u>	<u>\$ 96,605,608</u>	<u>\$ 124,856,057</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION SCHEDULE 3
 OPERATING EXPENSES FOR SMART URBAN SPLIT BETWEEN DIFFERENT FISCAL YEARS
 NET DUPLICATE EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2006
 (UNAUDITED)

		Jul.1.2005	Oct.1.2005	COMBINED
		<u>Sept.30.2005</u>	<u>Jun.30.2006</u>	<u>SMART</u>
				<u>URBAN</u>
OPERATING EXPENSES:				
Less Ineligible Expenses				
Pass-Thru that are Expensed				
Nankin Subsidy		65,879	207,121	273,000
Lake Erie		405,156	1,381,509	1,786,665
Muni.Cr. - Formula		278,619	689,120	967,739
Muni.Cr. - Line-Item		382,370	1,147,110	1,529,480
Comm.Cr.		114,557	249,094	363,651
Other State Subsidized Services				
Specialized Services		174,472	537,914	712,386
Royal Oak		10,482	42,120	52,602
Rideshare		23,652	70,848	94,500
NOTA		4,758	297,354	302,112
DARTA		-	5,250	5,250
CBS Bloomfield Hills/Township Livonia		-	-	-
Pass Thru Ineligible		<u>\$ 1,459,945</u>	<u>\$ 4,627,440</u>	<u>\$ 6,087,385</u>
Net Operating Expenses Before Ineligible		\$26,790,504	\$91,978,168	\$118,768,672
Federal Planning Grants	FY2006 UWP	59,715	245,755	305,470
Federal Preventive Maintenance Section 5307	MI-90-0305	1	-	1
Federal Preventive Maintenance Section 5309	MI-03-0220	-	48,342	48,342
Federal Preventive Maintenance Section 5309	MI-04-0133	417,240	1,251,718	1,668,958
Federal Preventive Maintenance Section 5307	MI-90-0488	2,478,308	9,594,459	12,072,767
OTHER 4C FEDERAL GRANT	MI-03-0136	175,993	-	175,993
OTHER ACCESS TO JOBS	MI-37-X014	-	293,550	293,550
CMAQ (80% Ineligible)	MI-90-0393	-	9,069	9,069
CMAQ (80% Ineligible)	MI-90-0515	677,751	1,736,138	2,413,889
Garnishments, Trolley, Adv.,Etc.		1,279	4,680	5,959
Depreciation/Gain or Loss		-	7,207,056	7,207,056
MPTA Dues (7.05% INELIG.)		-	2,263	2,263
State Preventive Maintenance	98-0672	-	4,688	4,688
State Preventive Maintenance	2002-0088 Z4	-	1	1
OTHER 4C STATE GRANT	95-0320	6,043	-	6,043
Other		-	-	-
Other Ineligible		<u>3,816,330</u>	<u>20,397,719</u>	<u>24,214,049</u>
Total Eligible Expenses:		<u>\$ 22,974,174</u>	<u>\$ 71,580,449</u>	<u>\$ 94,554,623</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION SCHEDULE 3
OPERATING EXPENSES FOR ROYAL OAK SPLIT BETWEEN DIFFERENT FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2006
(UNAUDITED)

OPERATING EXPENSES:	<u>Jul.1.2005</u> <u>Sept.30.2005</u>	<u>Oct.1.2005</u> <u>Jun.30.2006</u>	<u>ROYAL</u> <u>OAK</u>
Labor	\$ 17,358	\$ 62,334	\$ 79,692
Fringe Benefits	3,675	11,168	14,843
Pension	-	-	-
Audit Costs	-	-	-
Services	2,231	7,105	9,336
Materials and Supplies	6,074	17,339	23,413
Utilities	728	1,454	2,182
Casualty and Liab. Costs	1,342	4,305	5,647
Purchased Transportation	-	-	-
Pass-Thru that are Expensed	-	-	-
Muni.Cr. - Formula	-	-	-
Comm.Cr.	-	-	-
Other State Subsidized Serv.	-	-	-
CBS Bloomfield Hills/Township Livonia	-	-	-
Total Purchased Transportation	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous	-	5,504	5,504
Interest	-	-	-
Leases and Rentals	-	-	-
Gain or Loss on Retirement of Assets	-	-	-
Depreciation	-	-	-
Total Operating Expenses:	<u>\$ 31,408</u>	<u>\$ 109,209</u>	<u>\$ 140,617</u>
Federal Planning Grants	-	-	-
Federal Preventive Maintenance Section 5307	-	-	-
Federal Preventive Maintenance Section 5309	-	-	-
State Grant (Dodge the Lodge)	-	-	-
CMAQ (80% Ineligible)	-	-	-
Garnishments, Trolley, Adv.,Etc.	-	-	-
Depreciation	-	-	-
MPTA Dues (7.05% INELIG.)	-	-	-
Internal Service Fund Expense-Revenue	-	-	-
Gain or Loss Sale of Assets	-	-	-
Total Ineligible Cost	<u>-</u>	<u>-</u>	<u>-</u>
Total Eligible Expenses:	<u>\$ 31,408</u>	<u>\$ 109,209</u>	<u>\$ 140,617</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
SUMMARY OF OPERATING REVENUE AND EXPENSES
FOR SMART URBAN AND ROYAL OAK SPLIT BETWEEN DIFFERENT FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

SCHEDULE 3

	SMART Urban			Royal Oak Urban		
	<u>07/01/06- 9/30/2006</u>	<u>10/1/2006 6/30/2007</u>	TOTAL	<u>07/01/06- 9/30/2006</u>	<u>10/1/2006 6/30/2007</u>	TOTAL
Operating Revenues:						
401 Passenger Fares	\$ 2,813,604	\$ 8,210,717	\$ 11,024,321	\$ 744	\$ 1,469	\$ 2,213
402 Contract Fares	-	20,527	20,527	-	-	-
406 Advertising	75,000	225,000	300,000	-	-	-
407 Rental	7,775	61,625	69,400	-	-	-
407 Other	1,858	22,569	24,427	-	-	-
409 Mun.Credits Pledged	-	248,686	248,686	-	-	-
409 C.Cr. Pledged	-	116,952	116,952	-	-	-
Total Operating Revenues:	<u>2,898,237</u>	<u>8,906,076</u>	<u>11,804,313</u>	<u>744</u>	<u>1,469</u>	<u>2,213</u>
Operating Expenses:						
501 Labor	11,003,556	33,220,778	44,224,334	19,827	61,480	81,307
502 Fringe Benefits	6,356,194	19,136,243	25,492,437	2,917	12,700	15,617
503 Services	1,398,708	4,218,997	5,617,705	2,764	9,408	12,172
504 Material and Supplies	3,690,905	11,211,246	14,902,151	7,451	18,344	25,795
505 Utilities	625,203	1,895,890	2,521,093	1,154	7,143	8,297
506 Insurance	1,392,238	4,249,536	5,641,774	1,852	7,578	9,430
508 Purchased Transportation	735,437	2,207,236	2,942,673	-	-	-
509 Miscellaneous Expenses	114,964	384,728	499,692	199	2,921	3,120
511 Interest	454,530	1,018,319	1,472,849	-	-	-
512 Operating Leases	9,784	25,152	34,936	-	-	-
513 Depreciation Expense	<u>1,597,657</u>	<u>11,763,936</u>	<u>13,361,593</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses:	<u>27,379,176</u>	<u>89,332,061</u>	<u>116,711,237</u>	<u>36,164</u>	<u>119,574</u>	<u>155,738</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
SUMMARY OF OPERATING REVENUE AND EXPENSES
FOR SMART URBAN AND ROYAL OAK SPLIT BETWEEN DIFFERENT FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

SCHEDULE 3

	SMART Urban			Royal Oak Urban		
	<u>07/01/06-</u> <u>9/30/2006</u>	<u>10/1/2006</u> <u>6/30/2007</u>	TOTAL	<u>07/01/06-</u> <u>9/30/2006</u>	<u>10/1/2006</u> <u>6/30/2007</u>	TOTAL
Less Ineligible Expenses:						
55011 Fed. Preventive Maint.	4,026,150	10,399,515	14,425,665			
57602 Federal Planning	68,849	236,642	305,491			
55011 State Preventive Maint.		-	-			
57099 4c Grant (100% ineligible)		-	-			
57099 CMAQ (80% ineligible)	450,000	1,915,188	2,365,188			
55004 JARC/Welfare to Work	-	-	-			
57099 State Grant (4c)		-	-			
55008 Bad Debt Expense		-	-			
55004 Other State Grants		81,826	81,826			
57099 Other Federal Grants		-	-			
55004 Specialized Services	-	-	-			
55008 Garnishments, Etc.	1,858	12,237	14,095			
55008 Insurance Reimb.		-	-			
56004 Rental Income		-	-			
55010 Nontransportation		-	-			
55007 Depreciation/Gain or Loss		6,983,343	6,983,343			
55009 MPTA Dues		2,380	2,380			
55009 APTA Dues		-	-			
55005 MC for Comm. Based		-	-			
55005 C.Cr. for Comm. Based		-	-			
Total Ineligible Expenses:	<u>4,546,857</u>	<u>19,631,131</u>	<u>24,177,988</u>			
Total Eligible Expenses:	<u>\$ 22,832,319</u>	<u>\$ 69,700,930</u>	<u>\$ 92,533,249</u>	<u>\$ 36,164</u>	<u>\$ 119,574</u>	<u>\$ 155,738</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION SCHEDULE 3
OPERATING EXPENSES FOR SMART URBAN SPLIT BETWEEN DIFFERENT FISCAL YEARS
NET DUPLICATE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

	Jul.1.2006 Sept.30.2006	Oct.1.2006 Jun.30.2007	COMBINED SMART URBAN
OPERATING EXPENSES:			
Labor	\$11,003,556	\$33,220,778	\$ 44,224,334
Fringe Benefits	6,356,194	19,136,243	25,492,437
Pension	-	-	-
Audit Costs	40,308	122,635	162,943
Services	1,358,400	4,096,362	5,454,762
Materials and Supplies	3,690,905	11,211,246	14,902,151
Utilities	625,203	1,895,890	2,521,093
Casualty and Liab. Costs	1,392,238	4,249,536	5,641,774
Purchased Transportation	14,484	50,264	64,748
Pass-Thru that are Expensed			
Nankin Subsidy	68,250	204,750	273,000
Lake Erie	439,069	1,633,971	2,073,040
Muni.Cr. - Formula	382,363	1,147,113	1,529,476
Muni.Cr. - Line-Item	382,400	1,147,080	1,529,480
Comm.Cr.	772,944	2,316,205	3,089,149
Other State Subsidized Serv.			
Specialized Services	172,941	590,866	763,807
Royal Oak	12,447	25,685	38,132
Rideshare	23,625	(23,625)	-
RTCC Revenue	-	128,855	128,855
CBS Bloomfield Hills/Township Livonia	180	(82,913)	(82,733)
Total Purchased Transportation	<u>2,268,703</u>	<u>7,138,251</u>	<u>9,406,954</u>
Miscellaneous	114,964	384,728	499,692
Interest	454,530	1,018,319	1,472,849
Leases and Rentals	9,784	25,152	34,936
Overruns	-	6,163	6,163
Gain or Loss on Retirement of Assets	-	(85,227)	(85,227)
Depreciation	1,597,657	11,843,000	13,440,657
Total Operating Expenses:	<u>\$28,912,442</u>	<u>\$94,263,076</u>	<u>\$ 123,175,518</u>
Less Ineligible Expenses			
Pass-Thru that are Expensed			
Nankin Subsidy	68,250	204,750	273,000
Lake Erie	439,069	1,633,971	2,073,040
Muni.Cr. - Formula	71,925	848,516	920,441
Muni.Cr. - Line-Item	519,045	1,010,435	1,529,480
Comm.Cr.	221,144	470,409	691,553
Other State Subsidized Services			
Specialized Services	177,761	632,019	809,780
Royal Oak	12,447	25,685	38,132
RTCC Revenue	-	128,855	128,855
Rideshare	23,625	(23,625)	-
CBS Bloomfield Hills/Township Livonia	-	-	-
Pass Thru Ineligible	<u>\$ 1,533,266</u>	<u>\$ 4,931,015</u>	<u>\$ 6,464,281</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION SCHEDULE 3
 OPERATING EXPENSES FOR SMART URBAN SPLIT BETWEEN DIFFERENT FISCAL YEARS
 NET DUPLICATE EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2007
 (UNAUDITED)

		<u>Jul.1.2006</u>	<u>Oct.1.2006</u>	<u>COMBINED</u>
OPERATING EXPENSES:		<u>Sept.30.2006</u>	<u>Jun.30.2007</u>	<u>SMART</u>
				<u>URBAN</u>
Net Operating Expenses Before Ineligible		\$27,379,176	\$89,332,061	\$116,711,237
Federal Planning Grants	FY2007 UWP	68,849	236,642	305,491
Federal Preventive Maintenance Section 5307	MI-90-0465	-	485,651	485,651
Federal Preventive Maintenance Section 5309	MI-03-0220	-	633,751	633,751
Federal Preventive Maintenance Section 5309	MI-04-0133	-	240,000	240,000
Federal Preventive Maintenance Section 5307	MI-90-0540	4,026,150	9,040,113	13,066,263
State Grant (Dodge the Lodge)	2007-0294 Z5	-	81,826	81,826
CMAQ (80% Ineligible)	MI-95-0011	450,000	1,915,188	2,365,188
Garnishments, Trolley, Adv., Etc.		-	14,095	14,095
Depreciation/Gain or Loss		-	6,983,343	6,983,343
MPTA Dues (7.05% INELIG.)		1,858	522	2,380
Other		-	-	-
Total Ineligible Cost		<u>4,546,857</u>	<u>19,631,131</u>	<u>24,177,988</u>
Total Eligible Expenses:		<u>\$22,832,319</u>	<u>\$69,700,930</u>	<u>\$ 92,533,249</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING EXPENSES FOR ROYAL OAK SPLIT BETWEEN DIFFERENT FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

UNAUDITED
SCHEDULE 3

OPERATING EXPENSES:	Jul.1.2006 Sept.30.2006	Oct.1.2006 Jun.30.2007	ROYAL OAK
Labor	\$ 19,827	\$ 61,480	\$ 81,307
Fringe Benefits	2,917	12,700	15,617
Pension	-	-	-
Audit Costs	-	-	-
Services	2,764	9,408	12,172
Materials and Supplies	7,451	18,344	25,795
Utilities	1,154	7,143	8,297
Casualty and Liab. Costs	1,852	7,578	9,430
Purchased Transportation	-	-	-
Pass-Thru that are Expensed	-	-	-
Muni.Cr. - Formula	-	-	-
Comm.Cr.	-	-	-
Other State Subsidized Serv.	-	-	-
CBS Bloomfield Hills/Township Livonia	-	-	-
Total Purchased Transportation	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous	199	2,921	3,120
Interest	-	-	-
Leases and Rentals	-	-	-
Gain or Loss on Retirement of Assets	-	-	-
Depreciation	-	-	-
Total Operating Expenses:	<u>\$ 36,164</u>	<u>\$ 119,574</u>	<u>\$ 155,738</u>
Less Ineligible Expenses			
Federal Planning Grants	-	-	-
Federal Preventive Maintenance Section 5307	-	-	-
Federal Preventive Maintenance Section 5309	-	-	-
State Grant (Dodge the Lodge)	-	-	-
CMAQ (80% Ineligible)	-	-	-
Garnishments, Trolley, Adv.,Etc.	-	-	-
Depreciation	-	-	-
MPTA Dues (7.05% INELIG.)	-	-	-
Internal Service Fund Expense-Revenue	-	-	-
Gain or Loss Sale of Assets/Overruns	-	-	-
Total Ineligible Cost	<u>-</u>	<u>-</u>	<u>-</u>
Total Eligible Expenses:	<u>\$ 36,164</u>	<u>\$ 119,574</u>	<u>\$ 155,738</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
SUMMARY OF OPERATING REVENUE AND EXPENSES
FOR SMART URBAN AND ROYAL OAK SPLIT BETWEEN DIFFERENT FISCAL YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(UNAUDITED)

SCHEDULE 3

	SMART Urban			Royal Oak Urban		
	<u>10/1/05 -</u> <u>6/30/2006</u>	<u>7/1/06 -</u> <u>9/30/2006</u>	TOTAL	<u>10/1/05 -</u> <u>6/30/2006</u>	<u>7/1/06 -</u> <u>9/30/2006</u>	TOTAL
Operating Revenues:						
401 Passenger Fares	\$ 8,341,127	\$ 2,813,604	\$ 11,154,731	\$ 1,857	\$ 744	\$ 2,601
402 Contract Fares	7,654	-	7,654	-	-	-
406 Advertising	362,035	75,000	437,035	-	-	-
407 Rental	35,881	7,775	43,656	-	-	-
407 Other	9,614	1,858	11,472	-	-	-
409 Mun.Credits Pledged	11,043	-	11,043	-	-	-
409 C.Cr. Pledged	-	-	-	-	-	-
Total Operating Revenues:	<u>8,767,354</u>	<u>2,898,237</u>	<u>11,665,591</u>	<u>1,857</u>	<u>744</u>	<u>2,601</u>
Operating Expenses:						
501 Labor	34,088,713	11,003,556	45,092,269	62,334	19,827	82,161
502 Fringe Benefits	18,569,276	6,356,194	24,925,470	11,168	2,917	14,085
503 Services	3,802,442	1,398,708	5,201,150	7,105	2,764	9,869
504 Material and Supplies	11,361,819	3,690,905	15,052,724	17,339	7,451	24,790
505 Utilities	1,880,519	625,203	2,505,722	1,454	1,154	2,608
506 Insurance	5,208,037	1,392,238	6,600,275	4,305	1,852	6,157
508 Purchased Transportation	2,825,170	735,437	3,560,607	-	-	-
509 Miscellaneous Expenses	340,304	114,964	455,268	5,504	199	5,703
511 Interest	1,881,864	454,530	2,336,394	-	-	-
512 Operating Leases	29,430	9,784	39,214	-	-	-
513 Depreciation Expense Gain/Loss	11,990,594	1,597,657	13,588,251	-	-	-
Total Operating Expenses:	<u>91,978,168</u>	<u>27,379,176</u>	<u>119,357,344</u>	<u>109,209</u>	<u>36,164</u>	<u>145,373</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
SUMMARY OF OPERATING REVENUE AND EXPENSES
FOR SMART URBAN AND ROYAL OAK SPLIT BETWEEN DIFFERENT FISCAL YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(UNAUDITED)

SCHEDULE 3

	SMART Urban			Royal Oak Urban		
	<u>10/1/05 -</u> <u>6/30/2006</u>	<u>7/1/06 -</u> <u>9/30/2006</u>	TOTAL	<u>10/1/05 -</u> <u>6/30/2006</u>	<u>7/1/06 -</u> <u>9/30/2006</u>	TOTAL
Less Ineligible Expenses:						
55011 Fed. Preventive Maint.	10,894,519	4,026,150	14,920,669			
57602 Federal Planning	245,755	68,849	314,604			
55011 State Preventive Maint.	4,689		4,689			
57099 4c Grant (100% ineligible)			-			
57099 CMAQ (80% ineligible)	1,745,207	450,000	2,195,207			
55004 JARC/Welfare to Work	293,550	-	293,550			
57099 State Grant (4c)			-			
55008 Bad Debt Expense			-			
55004 Other State Grants			-			
57099 Other Federal Grants			-			
55004 Specialized Services	-	-	-			
55008 Garnishments, Etc.	4,680	1,858	6,538			
56004 Rental Income			-			
55010 Nontransportation			-			
55007 Depreciation/Gain or Loss	7,207,056		7,207,056			
55009 MPTA Dues	2,263		2,263			
55009 APTA Dues			-			
55005 MC for Comm. Based	-		-			
55005 C.Cr. for Comm. Based	-	-	-			
Total Ineligible Expenses:	<u>20,397,719</u>	<u>4,546,857</u>	<u>24,944,576</u>			
Total Eligible Expenses:	<u>\$ 71,580,449</u>	<u>\$ 22,832,319</u>	<u>\$ 94,412,768</u>	<u>\$ 109,209</u>	<u>\$ 36,164</u>	<u>\$ 145,373</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION SCHEDULE 3
OPERATING EXPENSES FOR SMART URBAN SPLIT BETWEEN DIFFERENT FISCAL YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(UNAUDITED)

	Oct.1.2005	Jul.1.2006	COMBINED
OPERATING EXPENSES:	<u>Jun.30.2006</u>	<u>Sept.30.2006</u>	<u>SMART URBAN</u>
Labor	\$ 34,088,713	\$ 11,003,556	\$ 45,092,269
Fringe Benefits	18,569,276	6,356,194	24,925,470
Pension	-	-	-
Audit Costs	2,890	40,308	43,198
Services	3,799,552	1,358,400	5,157,952
Materials and Supplies	11,361,819	3,690,905	15,052,724
Utilities	1,880,519	625,203	2,505,722
Casualty and Liab. Costs	5,208,037	1,392,238	6,600,275
Purchased Transportation	41,921	14,484	56,405
Pass-Thru that are Expensed			
Nankin Subsidy	207,121	68,250	275,371
Lake Erie	1,381,509	439,069	1,820,578
Muni.Cr. - Formula	1,147,137	382,363	1,529,500
Muni.Cr. - Line-Item	1,147,080	382,400	1,529,480
Comm.Cr.	2,308,270	772,944	3,081,214
Other State Subsidized Serv.			-
Specialized Services	518,805	172,941	691,746
Royal Oak	42,120	12,447	54,567
Rideshare	70,848	23,625	94,473
RTCC Revenue	297,354	-	297,354
CBS Bloomfield Hills/Township Livonia	290,445	180	290,625
Total Purchased Transportation	<u>7,452,610</u>	<u>2,268,703</u>	<u>9,721,313</u>
Miscellaneous	340,304	114,964	455,268
Interest	1,881,864	454,530	2,336,394
Leases and Rentals	29,430	9,784	39,214
Overruns	-	-	-
Gain or Loss on Retirement of Assets	26,824	-	26,824
Depreciation	11,963,770	1,597,657	13,561,427
Total Operating Expenses:	<u>\$ 96,605,608</u>	<u>\$ 28,912,442</u>	<u>\$ 125,518,050</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION SCHEDULE 3
 OPERATING EXPENSES FOR SMART URBAN SPLIT BETWEEN DIFFERENT FISCAL YEARS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006
 (UNAUDITED)

		Oct.1.2005	Jul.1.2006	COMBINED
		<u>Jun.30.2006</u>	<u>Sept.30.2006</u>	<u>SMART</u>
				<u>URBAN</u>
OPERATING EXPENSES:				
Less Ineligible Expenses				
Pass-Thru that are Expensed				
Nankin Subsidy		207,121	68,250	275,371
Lake Erie		1,381,509	439,069	1,820,578
Muni.Cr. - Formula		689,120	208,600	897,720
Muni.Cr. - Line-Item		1,147,110	382,370	1,529,480
Comm.Cr.		249,094	221,144	470,238
Other State Subsidized Services				-
Specialized Services		537,914	177,761	715,675
Royal Oak		42,120	12,447	54,567
NOTA		297,354	-	297,354
DARTA		5,250	-	5,250
Rideshare		70,848	23,625	94,473
CBS Bloomfield Hills/Township Livonia		-	-	-
Pass Thru Ineligible		<u>\$ 4,627,440</u>	<u>\$ 1,533,266</u>	<u>\$ 6,160,706</u>
Net Operating Expenses Before Ineligible		\$91,978,168	\$27,379,176	\$119,357,344
Federal Planning Grants	FY2006 UWP	245,755	-	245,755
Federal Planning Grants	FY2007 UWP	-	68,849	68,849
Federal Preventive Maintenance Section 5307	MI-90-0465	-	-	-
Federal Preventive Maintenance Section 5309	MI-03-0220	48,342	-	48,342
Federal Preventive Maintenance Section 5309	MI-04-0133	1,251,718	-	1,251,718
Federal Preventive Maintenance Section 5307	MI-90-0488	9,594,459	-	9,594,459
Federal Preventive Maintenance Section 5307	MI-90-0540	-	4,026,150	4,026,150
CMAQ (80% Ineligible)	MI-90-0393	9,069	-	9,069
CMAQ (80% Ineligible)	MI-90-0515	1,736,138	-	1,736,138
CMAQ (80% Ineligible)	MI-95-0011	-	450,000	450,000
OTHER ACCESS TO JOBS	MI-37-X014	293,550	-	293,550
State Grant (Dodge the Lodge)	2007-0294 Z5	-	-	-
State Preventive Maintenance	98-0672	4,688	-	4,688
State Preventive Maintenance	2002-0088 Z4	1	-	1
Garnishments, Trolley, Adv.,Etc.		4,680	-	4,680
Depreciation		7,180,232	-	7,180,232
MPTA Dues (7.05% INELIG.)		2,263	1,858	4,121
Gain or Loss Sale of Assets/Overruns		26,824	-	26,824
Total Ineligible Cost		<u>20,397,719</u>	<u>4,546,857</u>	<u>24,944,576</u>
Total Eligible Expenses:		<u>\$ 71,580,449</u>	<u>\$ 22,832,319</u>	<u>\$ 94,412,768</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION SCHEDULE 3
OPERATING EXPENSES FOR ROYAL OAK SPLIT BETWEEN DIFFERENT FISCAL YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(UNAUDITED)
YEAR ENDED JUNE 30, 2007

	Oct.1.2005	Jul.1.2006	ROYAL
	<u>Jun.30.2006</u>	<u>Sept.30.2006</u>	<u>OAK</u>
OPERATING EXPENSES:			
Labor	\$ 62,334	\$ 19,827	\$ 82,161
Fringe Benefits	11,168	2,917	14,085
Pension	-	-	-
Audit Costs	-	-	-
Services	7,105	2,764	9,869
Materials and Supplies	17,339	7,451	24,790
Utilities	1,454	1,154	2,608
Casualty and Liab. Costs	4,305	1,852	6,157
Purchased Transportation	-	-	-
Pass-Thru that are Expensed			
Muni.Cr. - Formula	-	-	-
Comm.Cr.	-	-	-
Other State Subsidized Serv.	-	-	-
CBS Bloomfield Hills/Township Livonia	-	-	-
Total Purchased Transportation	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous	5,504	199	5,703
Interest	-	-	-
Leases and Rentals	-	-	-
Overruns	-	-	-
Gain or Loss on Retirement of Assets	-	-	-
Depreciation	-	-	-
Total Operating Expenses:	<u>\$ 109,209</u>	<u>\$ 36,164</u>	<u>\$ 145,373</u>
Less Ineligible Expenses			
Federal Planning Grants	-	-	-
Federal Preventive Maintenance Section 5307	-	-	-
Federal Preventive Maintenance Section 5309	-	-	-
State Grant (Dodge the Lodge)	-	-	-
CMAQ (80% Ineligible)	-	-	-
Garnishments, Trolley, Adv.,Etc.	-	-	-
Depreciation	-	-	-
MPTA Dues (7.05% INELIG.)	-	-	-
Internal Service Fund Expense-Revenue	-	-	-
Gain or Loss Sale of Assets/Overruns	-	-	-
Total Ineligible Cost	<u>-</u>	<u>-</u>	<u>-</u>
Total Eligible Expenses:	<u>\$ 109,209</u>	<u>\$ 36,164</u>	<u>\$ 145,373</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
SMART COMBINED
URBAN REGULAR SERVICE REVENUE REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(UNAUDITED)

SCHEDULE 4R

Code	Description	Amount
401.	Passenger Fares	\$ 11,148,216
402.	Contract Fares	14,169
404.	Package Delivery/ Meals on Wheels	-
405.	Incidental Charter Service Revenues	-
406.	Auxiliary Transportation Revenues (Explain)	-
	.10 Concessions	-
	.15 Advertising	437,035
	.20 Intercity Ticket Sales	-
	.99 Other Auxiliary Transportation Revenues	-
407.	Nontransportation Revenues (Explain)	-
	.10 Sale of Maintenance Services	-
	.15 Rental of Revenue Vehicles	-
	.20 Rental of Buildings or Other Property	43,656
	.25 Parking Lot Revenue	-
	.60 Gains from the Sales of Capital Assets	-
	.99 Other Nontransportation Revenue	11,472
408.	Taxes Levied Directly by Transit System	523,983
409.	Local Cash Grants and Reimbursements (Explain)	-
	.10 Local Operating Assistance	52,039,658
	.20 Single Business Tax	-
	.99 Other Local Contracts (Community Credit Program)	801,220
411.	State Formula and Contracts	-
	.01 State Operating Assistance	28,648,595
	.10 Line Item Municipal Credits	2,870,930
	.11 Preventive Maintenance	4,689
	.12 Capital Cost of Contracting	-
	.13 Capital Contract Reimbursement for Administrative Expenses	-
	.14 Other Capital Contract Reimbursements for Operating Expenses	-
	.99 Other State Contracts and Reimbursements	172,606
413.	Federal Contracts	-
	.01 Section 5311	-
	.02 Section 5307	-
	.11 Preventive Maintenance	14,920,669
	.12 Capital Cost of Contracting	-
	.13 Capital Contract Reimbursement for Administrative Expenses	-
	.99 Other Planning	314,604
	.99 Other CMAQ	2,195,207
	.99 Other Federal Contracts and Reimbursements	477,227
414.	Interest Income	1,021,387
430.	Contributed Service	49,549
499.	Total Revenue	<u><u>\$ 115,694,872</u></u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
SMART COMBINED
URBAN REGULAR SERVICE EXPENSE REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(UNAUDITED)

SCHEDULE 4E

Object Class	Operations	Maintenance	Gen. Admin.	Total
501 Labor				
01 Oper Sal & Wages	25,118,177	-	-	25,118,177
02 Other Sal & Wages	4,831,925	8,170,074	6,272,175	19,274,174
03 Disp Sal & Wages	660,350	-	39,568	699,918
502 Fringe Benefits	17,064,226	4,616,061	3,245,183	24,925,470
503 Services				
01 Audit	-	-	566,609	566,609
02 Advertising Fees	8,600	-	102,722	111,322
99 Other Services	786,034	2,675,116	1,062,069	4,523,219
504 Materials & Supp Cons				
01 Fuel and Lubricants	8,441,773	12,717	-	8,454,490
02 Tires and Tubes	305,988	353	-	306,341
99 Other Materials & Supplies	32,004	5,913,714	346,175	6,291,893
505 Utilities	1,802,493	12,776	690,453	2,505,722
506 Casual & Liab Costs				
03 Premium for Public Liability	6,570,281	5,500	3,950	6,579,731
99 Other Insurance	18,251	1,851	442	20,544
507 Taxes	-	-	-	-
508 Purchased Transportation Service	3,560,607	-	-	3,560,607
509 Miscellaneous Expense	-	-	-	-
02 Travel and Meetings	3,194	-	221,493	224,687
99 Other Miscellaneous Expense	45,251	10,101	175,229	230,581
511 Interest Expense	-	-	-	-
01 Interest on Long-Term Debt	-	2,336,394	-	2,336,394
02 Interest on Short-Term Debt	-	-	-	-
512 Leases and Rentals	20,992	215	18,007	39,214
513 Depreciation	46,986	13,541,265	-	13,588,251
549 Total Expenses	<u>69,317,132</u>	<u>37,296,137</u>	<u>12,744,075</u>	<u>119,357,344</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
SMART COMBINED
URBAN REGULAR SERVICE EXPENSE REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(UNAUDITED)

SCHEDULE 4E

Object Class	Operations	Maintenance	Gen. Admin.	Total
550 Less Ineligible Expenses				
FED PREV MAINT MI-90-0305 SECTION 5307 FY1998	-	-	-	-
FED PREV MAINT MI-03-0220 SECTION 5309 FY2005	-	48,342	-	48,342
FED PREV MAINT MI-04-0133 SECTION 5309 FY2006	-	1,251,718	-	1,251,718
FED PREV MAINT MI-90-0488 SECTION 5307 FY2006	-	9,594,459	-	9,594,459
FED PREV MAINT MI-90-0540 SECTION 5307 FY2007	-	4,026,150	-	4,026,150
55099 Fed. Grants (planning FY2006)	-	-	245,755	245,755
55099 Fed. Grants (planning FY2007)	-	-	68,849	68,849
.99 OTHER (CMAQ) MI-90-0393 80% FEDERAL 20% LOCAL	9,069	-	-	9,069
.99 OTHER (CMAQ) MI-90-0515 80% FEDERAL 20% LOCAL	1,736,138	-	-	1,736,138
.99 OTHER (CMAQ) MI-95-0011 80% FEDERAL 20% LOCAL	450,000	-	-	450,000
.99 OTHER (4C GRANT) MI-03-0136 80% FEDERAL 20%STATE	-	-	-	-
.99 OTHER (ACCESS TO JOBS EASTSIDE COMMUNITY) MI-37-X014	293,550	-	-	293,550
06 Interest Expense	-	-	-	-
.99 OTHER (STATE MATCH PREVENTIVE MAINTENANCE) MI-90-0305 80% 98-0672 20%	-	4,688	-	4,688
.99 OTHER (STATE MATCH PREVENTIVE MAINTENANCE)MI-90-0385 80% 2002-0088 Z4 20%	-	1	-	1
08 Other (Explain)	-	-	-	-
.99 OTHER (SECTION 4C MATCH) 95-0320	-	-	-	-
07 Depreciation	-	7,207,056	-	7,207,056
09 Ineligible Percent of Dues	-	-	2,263	2,263
99 Non-Transportation revenue	-	-	6,538	6,538
99 Total Ineligible Expense	2,488,757	22,132,414	323,405	24,944,576
TOTAL Eligible Expenses	66,828,375	15,163,723	12,420,670	94,412,768

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
 SMART COMBINED URBAN
 FOR THE YEAR ENDED SEPTEMBER 30, 2006
 UNAUDITED STATISTICS
 (UNAUDITED)

SCHEDULE 4R

CODE	DESCRIPTION	WEEKDAYS	SATURDAY	SUNDAY	TOTAL
FIXED ROUTE					
PUBLIC SERVICE					
610	VEHICLE HOURS	671,147	74,995	31,203	777,345
611	VEHICLE MILES	12,935,690	1,431,596	604,788	14,972,074
MISCELLANEOUS INFORMATION					
630	CHARTER SERVICE HOURS	-	-	-	-
631	CHARTER SERVICE MILES	-	-	-	-
CONNECTOR					
PUBLIC SERVICE					
610	VEHICLE HOURS	222,026	2,140	-	224,166
611	VEHICLE MILES	3,594,720	37,778	-	3,632,498
MISCELLANEOUS INFORMATION					
630	CHARTER SERVICE HOURS	-	-	-	-
631	CHARTER SERVICE MILES	-	-	-	-

The methodology used for compiling miles and hours has been reviewed and the recording method has been found to be adequate and reliable.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
 ROYAL OAK TOWNSHIP
 URBAN REGULAR SERVICE REVENUE REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2006
 (UNAUDITED)

SCHEDULE 4R

Code	Description	Amount
401.	Passenger Fares	\$ 2,601
402.	Contract Fares	-
404.	Package Delivery/ Meals on Wheels	-
405.	Incidental Charter Service Revenues	-
406.	Auxiliary Transportation Revenues (Explain)	
	.10 Concessions	-
	.15 Advertising	-
	.20 Intercity Ticket Sales	-
	.99 Other Auxiliary Transportation Revenues	-
407.	Nontransportation Revenues (Explain)	
	.10 Sale of Maintenance Services	-
	.15 Rental of Revenue Vehicles	-
	.20 Rental of Buildings or Other Property	-
	.25 Parking Lot Revenue	-
	.60 Gains from the Sales of Capital Assets	-
	.99 Other Nontransportation Revenue	-
408.	Taxes Levied Directly by Transit System	-
409.	Local Cash Grants and Reimbursements (Explain)	
	.10 Local Operating Assistance	104,713
	.20 Single Business Tax	-
	.99 Other Local Contracts (Community Credit Program)	6,627
411.	State Formula and Contracts	
	.01 State Operating Assistance	48,641
	.10 Line Item Municipal Credits	5,119
	.11 Preventive Maintenance	-
	.12 Capital Cost of Contracting	-
	.13 Capital Contract Reimbursement for Administrative Expenses	-
	.14 Other Capital Contract Reimbursements for Operating Expenses	-
	.99 Other State Contracts and Reimbursements	-
413.	Federal Contracts	
	.01 Section 5311	-
	.02 Section 5307	-
	.11 Preventive Maintenance	-
	.12 Capital Cost of Contracting	-
	.13 Capital Contract Reimbursement for Administrative Expenses	-
	.14 Other Capital Contract Reimbursements for Operating Expenses	-
	.98 RTAP	-
	.99 Other Federal Contracts and Reimbursements	-
414.	Interest Income	-
430.	Contributed Service	-
499.	Total Revenue	<u>\$ 167,701</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
 ROYAL OAK TOWNSHIP
 URBAN REGULAR SERVICE EXPENSE REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2006
 (UNAUDITED)

SCHEDULE 4E

Object Class		Operations	Maintenance	Gen. Admin.	Total
501	Labor				
	01 Oper Sal & Wages	34,194	-	-	34,194
	02 Other Sal & Wages	19,147	775	10,497	30,419
	03 Disp Sal & Wages	17,548	-	-	17,548
502	Fringe Benefits	13,643	442	-	14,085
503	Services				
	01 Audit	-	-	-	-
	02 Advertising Fees	1,154	-	78	1,232
	99 Other Services	-	465	8,172	8,637
504	Materials & Supp Cons				
	01 Fuel and Lubricants	12,828	-	-	12,828
	02 Tires and Tubes	921	-	-	921
	99 Other Materials & Supplies	6,322	4,719	-	11,041
505	Utilities	2,608	-	-	2,608
506	Casual & Liab Costs				
	03 Premium for Public Liability	6,157	-	-	6,157
	99 Other Insurance	-	-	-	-
507	Taxes				-
508	Purchased Transportation Service	-	-	-	-
509	Miscellaneous Expense				
	02 Travel and Meetings	165	-	-	165
	99 Other Miscellaneous Expense	5,440	-	98	5,538
511	Interest Expense				
	01 Interest on Long-Term Debt	-	-	-	-
	02 Interest on Short-Term Debt	-	-	-	-
512	Leases and Rentals	-	-	-	-
513	Depreciation	-	-	-	-
549	Total Expenses	120,127	6,401	18,845	145,373
550	Less Ineligible Expenses				
	03 Fed. Grants (Explain)	-	-	-	-
	04 State Grants (specialized svcs)	-	-	-	-
	05 Local Grants	-	-	-	-
	06 Interest Expense	-	-	-	-
	07 Depreciation	-	-	-	-
	08 Other (Explain)	-	-	-	-
	09 Ineligible Percent of Dues	-	-	-	-
	10 Expenses Assoc W/Auxiliary Trans	-	-	-	-
	15 Charter Expense	-	-	-	-
	99 Total Ineligible Expense	-	-	-	-
599	TOTAL Eligible Expenses	120,127	6,401	18,845	145,373

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
 ROYAL OAK TOWNSHIP
 URBAN REGULAR SERVICE NONFINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2006
 (UNAUDITED)

SCHEDULE 4N

CODE	DESCRIPTION	WEEKDAYS	SATURDAY	SUNDAY	TOTAL
FIXED ROUTE					
PUBLIC SERVICE					
610	VEHICLE HOURS	-	-	-	-
611	VEHICLE MILES	-	-	-	-
MISCELLANEOUS INFORMATION					
630	CHARTER SERVICE HOURS	-	-	-	-
631	CHARTER SERVICE MILES	-	-	-	-
CONNECTOR					
PUBLIC SERVICE					
610	VEHICLE HOURS	491	-	-	491
611	VEHICLE MILES	9,580	-	-	9,580
MISCELLANEOUS INFORMATION					
630	CHARTER SERVICE HOURS	-	-	-	-
631	CHARTER SERVICE MILES	-	-	-	-

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
OPERATING ASSISTANCE CALCULATION
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(UNAUDITED)

SCHEDULE 5

	SMART	STAR	COMBINED URBAN	ROYAL OAK
Total Expenses	\$ 119,357,344	\$ 493,884	\$ 119,851,228	\$ 145,373
FED PREV MAINT MI-90-0305 SECTION 5307 FY1998	-	-	-	-
FED PREV MAINT MI-03-0220 SECTION 5309 FY2005	48,342	-	48,342	-
FED PREV MAINT MI-04-0133 SECTION 5309 FY2006	1,251,718	-	1,251,718	-
FED PREV MAINT MI-90-0488 SECTION 5307 FY2006	9,594,459	-	9,594,459	-
FED PREV MAINT MI-90-0540 SECTION 5307 FY2007	4,026,150	-	4,026,150	-
55099 Fed. Grants (planning FY2006)	245,755	-	245,755	-
55099 Fed. Grants (planning FY2007)	68,849	-	68,849	-
.99 OTHER (CMAQ) MI-90-0393 80% FEDERAL 20% LOCAL	9,069	-	9,069	-
.99 OTHER (CMAQ) MI-90-0515 80% FEDERAL 20% LOCAL	1,736,138	-	1,736,138	-
.99 OTHER (CMAQ) MI-95-0011 80% FEDERAL 20% LOCAL	450,000	-	450,000	-
.99 OTHER (4C GRANT) MI-03-0136 80% FEDERAL 20%STATE	-	-	-	-
.99 OTHER (ACCESS TO JOBS EASTSIDE COMMUNITY) MI-37-X014	293,550	-	293,550	-
06 Interest Expense	-	-	-	-
.99 OTHER (STATE MATCH PREVENTIVE MAINTENANCE) MI-90-0305 80% 98-0672 20%	4,688	-	4,688	-
.99 OTHER (STATE MATCH PREVENTIVE MAINTENANCE)MI-90-0385 80% 2002-0088 Z4 20%	1	-	1	-
08 STAR reported Ineligibles (See Report)	-	151,421	151,421	-
	-	-	-	-
07 Depreciation	7,207,056	-	7,207,056	-
09 Ineligible Percent of Dues	2,263	-	2,263	-
99 Non-Transportation revenue	6,538	-	6,538	-
99 Total Ineligible Expense	24,944,576	151,421	25,095,997	-
Eligible Expenses for State Reimbursement	94,412,768	342,463	94,755,231	145,373
x Reimbursement Percentage	0.328234	0.328234	0.328234	0.328234
State Operating Assistance *	\$ 30,989,480	\$ 112,408	\$ 31,101,888	\$ 47,716

* Calculation incorrect w/o City of Detroit eligible expenses

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
FOOTNOTES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

- 1.) Administrative Expenses that are charged to capital grants are not included in SMART's operating expenses.
All administrative costs related to capital contracts are deducted and transferred to the capital fund.
Therefore these expenditures are not reimbursed by state formula funds.
- 2.) Expenses that are paid on behalf of our purchase of service providers are not included in SMART's eligible expenses.
Costs elated to our purchase of service providers are deducted and reimbursed by these providers and included in their operating expenses.
- 3.) No expenses for Lake Erie Transit are included in SMART'S submittal.
- 4.) Pension costs are as follows:

	07/01/06 09/30/06	10/01/06 06/30/07	Total
Pension			
Connector (CTS)	179,733.00	486,195.88	665,928.88
Finance (FIN)	225,204.00	611,263.14	836,467.14
Fixed Route (LBS)	885,801.00	2,396,204.00	3,282,005.00
Total Pension	1,290,738.00	3,493,663.02	4,784,401.02

**SUBURBAN MOBILITY AUTHORITY
FOR REGIONAL TRANSPORTATION**

Detroit, Michigan

**REPORT ON EXPENDITURES
OF FEDERAL AWARDS**

June 30, 2007

**SUBURBAN MOBILITY AUTHORITY
FOR REGIONAL TRANSPORTATION**

Detroit, Michigan

**REPORT ON EXPENDITURES
OF FEDERAL AWARDS**

June 30, 2007

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

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REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

December 20, 2007

The Board of Directors
Suburban Mobility Authority for Regional Transportation
Detroit, Michigan

We have audited the financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of Suburban Mobility Authority for Regional Transportation (the Authority) as of and for the year ended June 30, 2007, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

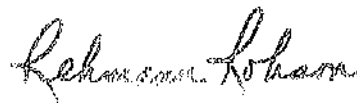
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as identified above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Rehana K. Khan".



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

December 20, 2007

The Board of Directors
Suburban Mobility Authority for Regional Transportation
Detroit, Michigan

Compliance

We have audited the compliance of Suburban Mobility Authority for Regional Transportation (the Authority) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Suburban Mobility Authority for Regional Transportation's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Suburban Mobility Authority for Regional Transportation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

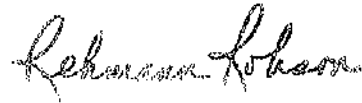
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of Suburban Mobility Authority for Regional Transportation as of and for the year ended June 30, 2007, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 20, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Rehana Johnson". The signature is written in a cursive, flowing style with a large initial 'R'.

**SUBURBAN MOBILITY AUTHORITY
FOR REGIONAL TRANSPORTATION**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2007

Federal grantor/pass-through grantor/ program title	Federal CFDA number	Grantor number	Expenditures
U.S. Department of Transportation:			
Direct programs (Federal Transit cluster):			
Federal Transit - Investment Grants	20.500	MI-03-0175	\$ 434,632
	20.500	MI-03-0185	88,960
	20.500	MI-03-0194	355,879
	20.500	MI-03-0205	598,831
	20.500	MI-03-0207	9,348
	20.500	MI-03-0220	840,413
	20.500	MI-04-0013	534,728
Total Federal Transit - Investment Grants			<u>2,862,791</u>
Federal Transit - Formula Grants	20.507	MI-90-0336	266,990
	20.507	MI-90-0385	8,653
	20.507	MI-90-0392	3,897
	20.507	MI-90-0402	150,692
	20.507	MI-90-0410	887
	20.507	MI-90-0413	29,178
	20.507	MI-90-0435	23,200
	20.507	MI-90-0436	13,266
	20.507	MI-90-0438	1,394
	20.507	MI-90-0450	2,028
	20.507	MI-90-0441	74,737
	20.507	MI-90-0462	10,294
	20.507	MI-90-0465	1,005,577
	20.507	MI-90-0488	96,850
	20.507	MI-90-0540	13,066,263
	20.507	MI-90-4541	295,603
	20.507	MI-90-0515	245,000
	20.507	MI-95-0011	2,365,188
Total Federal Transit - Formula Grants			<u>17,659,697</u>
Total direct programs (Federal Transit cluster)			<u>20,522,488</u>
Pass-through programs from:			
Southeastern Michigan Council Governments -			
Federal Transit Administration Planning and			
Technical Studies	20.505	N/A	305,491
State of Michigan Department of Transportation -			
Federal Transit Administration Section 5311 -			
Rural and Small Urban Public Transportation			
Assistance Program	20.509	2002-0088-Z34	33,711
	20.509	2007-0294 Z2	126,433
Total pass-through programs			465,635
Total expenditures of federal awards			<u>\$ 20,988,123</u>

See accompanying independent auditors' reports and notes to the schedule of expenditures of federal awards.

**SUBURBAN MOBILITY AUTHORITY
FOR REGIONAL TRANSPORTATION**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2007

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Suburban Mobility Authority for Regional Transportation (the Authority) and is presented on the same basis of accounting as the financial statements.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. SCHEDULE OF SUBRECIPIENTS

<u>Federal Grantor/Pass Thru Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Grantor Number</u>	<u>Disbursements/ Expenditures</u>
Operating Assistance:			
Operating Assistance (LETC)	20.507	MI-90-4541	\$ 295,603
Operating Assistance (CMAQLETC)	20.507	MI-90-0515	245,000
Operating Assistance - SEC 5311	20.509	2002-0088-Z34	33,711
Operating Assistance - SEC 5311	20.509	2007-0294-Z2	<u>126,433</u>
Total operating assistance			<u>\$ 700,747</u>

**SUBURBAN MOBILITY AUTHORITY
FOR REGIONAL TRANSPORTATION**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None Reported
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	No
Identification of major programs:	Federal Transit Capital Investment Grants (CFDA #20.500) and Federal Transit Grants (CFDA 20.507) (i.e. Federal Transit Cluster)
Dollar threshold used to distinguish between Type A and Type B programs:	\$629,644

**SUBURBAN MOBILITY AUTHORITY
FOR REGIONAL TRANSPORTATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)

FOR THE YEAR ENDED JUNE 30, 2007

Auditee qualified as low-risk auditee? Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV – PRIOR YEAR FINDINGS

None noted.

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REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

**COMMUNICATION WITH AUDIT COMMITTEES UNDER SAS NO. 61
A-133 AUDIT**

December 20, 2007

To the Board of Directors
Suburban Mobility Authority for Regional Transportation

We have audited the financial statements of the governmental activities of ***Suburban Mobility Authority for Regional Transportation*** (“***SMART***”) for the year ended June 30, 2007, and have issued our report thereon dated December 20, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated June 14, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered SMART’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether SMART’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about SMART’s compliance with the types of

compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on SMART's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on SMART's compliance with those requirements.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by SMART are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by SMART during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- Managements estimate of incurred but unreported insurance claims in which the Authority uses the services of an actuary to estimate this liability.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on SMART's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by SMART, either individually or in the aggregate, indicate matters that could have a significant effect on SMART's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as SMART's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the audit committee, the governing body, and management of SMART and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lehmann Lohman". The signature is written in a cursive, flowing style.